The Incorporated Accountants' Journal.

THE OFFICIAL ORGAN OF

The Society of Incorporated Accountants and Auditors

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Professional Notes.

In this issue we complete our report of the proceedings at the Third International Congress on Accounting held in New York in September last. When the President of the Congress, Colonel Montgomery, reached the question on the agenda as to the place of meeting of the next Congress, Sir William Plender, speaking on behalf of the Institute of Chartered Accountants in England and Wales, said that since he had been in New York he had had an opportunity of conferring with the representatives of the Scottish Chartered Accountants and with Mr. Keens, the President of the Society of Incorporated Accountants and Auditors, and they desired him to associate their bodies with an invitation which he put forward on behalf of the Institute to hold the next International Congress in London, the date of which would be determined later on when they had had an opportunity of studying and assimilating the vast production of valuable literature circulated at that Congress.

After Professor Bottini had tendered an invitation to hold the International Congress in Rome, the President expressed his appreciation of the proposals put forward, and the Congress indicated by acclamation the unanimous acceptance of the invitation extended by the British Delegates. The delegates also indicated their desire of accepting the invitation tendered on behalf of Accountants in Italy to hold a Congress in that country at some future date.

In the concluding session of the Congress, Mr. William Cash expressed the cordial thanks of the delegates and visitors to their hosts and to the organisers of the Congress, referring particularly to the hospitality extended to visiting ladies by the Ladies' Committee, and in the course of his remarks he paid a most cordial tribute to the President of the Congress, Colonel Montgomery. The resolution was seconded by Mr. E. van Dien, and was passed with acclamation. An interesting feature of the Congress was the attendance of Incorporated Accountants resident in the United States, some of whom travelled many hundreds of miles to meet Mr. Keens, the President of the Society, and his colleagues, who expressed to their fellow members in the United States sincere appreciation of their continued interest in all that affected the welfare of the Society.

In a few days Mr. Harry Harper Smith, F.S.A.A., will be admitted to the office of Lord Mayor of the City of Norwich in succession to Mr. Herbert Philip Gowan, F.S.A.A. That one Incorporated Accountant should follow another in this ancient and high office in the civic government of Norwich is a circumstance so unique that special attention should be drawn to it. Mr. Harper Smith has already filled the office of Sheriff of Norwich, and was appointed

the first President of the recently inaugurated East Anglian Society of Incorporated Accountants, which has embarked upon a useful programme of work. Our columns also show that Mr. F. J. Warren, F.S.A.A., of Haverfordwest, who also possesses a fine record of public service, has been unanimously chosen as Mayor-elect of that borough.

"Rationalisation" is popularly supposed to be the remedy for all industrial troubles. Precisely what rationalisation means is rather difficult to define, but it usually connotes amalgamation or combination in some form or other and generally a merger of several businesses—sometimes a whole group of businesses—into one large company or combine. These mergers have far-reaching effects and often bring in their train many unfortunate consequences, including the elimination of independent business men who have to choose between accepting a salaried position and being forced out of business altogether. The accountancy profession also suffers from these mergers. When one large company absorbs a number of separate entities, what were probably a dozen audits by different firms of accountants becomes one audit by a single firm. The loss falls mainly on the small practitioner, but it must be remembered that there is also a loss in the total volume of professional business and not merely a transfer of business from one firm to another.

This is being felt in America even more than here, and is causing a good deal of concern amongst American accountants. Economic development cannot be resisted, but there is no doubt that the advantages which are apparent are offset to some extent by disadvantages and hardships which are not so clearly visible. The Editor of the New York *Journal of Accountancy* in his October issue discusses the matter at some length, but finds no solution beyond the recommendation that the large firms, who on the whole stand to benefit by these mergers, should take the strongest possible stand on questions of professional ethics and questions of principle, and fight the battle for the whole profession.

There is no need for us to emphasise the importance of November 1st, 1929, to all those interested in Company Law and Practice in England and Scotland, as being the date upon which the new Companies Act comes into force. Our columns bear witness to the interest which has been taken in the most important Statute relating to companies since the first Act of 1862. A serious trouble in the City of London to which we called attention in the October issue of the *Incorporated Accountants' Journal* has caused a number of the public and, what is worse, a number of newspaper writers to go utterly astray in regard to the position of investors under the Act.

Paragraphs have appeared in several newspapers which have shown that the writers were quite oblivious of the fact that for two years a Committee inquired into the operation of the Companies Acts and that on their report the new Act was drafted and eventually passed through Parliament. Now because of the crisis referred to a further amendment of the law is asked for before the Act is given an opportunity of coming into force. It is regrettable that a member of the Government should have lent himself to this agitation, because the Minister referred to, Mr. A. V. Alexander, First Lord of the Admiralty, is thoroughly aware of the position, he having taken a leading part in the discussions in the Grand Committee of the House of Commons. Mr. Alexander seems to suggest that if stronger support had been given to him and his party, the new law would have been passed on such a basis as would safeguard the general run of investments and prevent crises which interfere with industry and employment. In the light of this statement it is curious to relate that up to the present, in the case which is now under investigation, not a single charge has been launched in connection with the Companies Acts.

After prolonged investigation, the Government Committee, of which Mr. Wilfrid Greene, K.C., was Chairman, said that the evidence satisfied them that the great majority of limited companies, both public and private, were honestly and conscientiously managed. Cases in which fraud or lesser forms of dishonesty or improper dealing occurred were comparatively few, and the public interest which such cases naturally aroused tended to divert attention from the vast number of honestly conducted concerns, and created an exaggerated idea of the evils connected with limited companies and their activities. Some witnesses, continued the report, with a view to making mal-practises impossible, advocated the imposition of statutory regulations and prohibitions calculated not merely to put a stop to the activities of the wrongdoer, but to place quite intolerable fetters upon honest business.

In connection with the operation of the new Act doubts have arisen as to whether accounts

prepared before November 1st and submitted to a general meeting after that date must comply with the provisions of the Act. The Institute of Chartered Accountants has submitted a case for the opinion of Counsel (Mr. Wilfrid Greene, K.C., and Mr. Cecil W. Turner) in order to afford guidance to company auditors.

The first question upon which the opinion was asked was whether the accounts must be in the form required by the Act if presented on or after November 1st in cases where such accounts were made up to a date prior to November 1st, and whether it makes any difference if the accounts have or have not been audited prior to that date. The answer is that the material date for determining what particulars must be contained in the balance-sheet is the date upon which it is presented to the shareholders. If presented on or after November 1st it must comply with the Act, and it makes no difference whether the balance-sheet was drawn up and audited before that date or not.

The second question was whether any liability would fall on the auditors in the event of a company on or after November 1st presenting accounts not in accordance with the Act, if such accounts had been made up and signed by the auditors either before or after November 1st. The opinion on this point is that it would not be safe for auditors to give a clean report before November 1st on accounts which they knew or had reason to believe would be presented to the shareholders on a date when they would not comply with the statutory requirements then in force.

Counsel added the further suggestion that before signing a report on the basis of the old law, the auditors should ascertain that the shareholders meeting was to be held before November 1st, and if they could not obtain reasonable assurance on this point they should qualify the report by stating that it was framed on the assumption that the accounts would be presented before November 1st.

It is evident that the provisions of sect. 92 of the Companies Act, 1928 (sect. 353 of Act of 1929), relating to what is known as share-hawking are not being allowed to be ignored. A man who described himself as a financial journalist has been fined £40 and £10 costs for contravening the section by offering shares in a syndicate stated to be formed to exploit "the boundless riches of the Gold Coast of West Africa" without attaching to the offer a statement containing the particulars required by the section. The defendant's plea was that the person to whom these particulars were sent was a shareholder in several companies, and therefore not an ordinary member of the public. This contention, however, did not appeal to the Magistrate.

We trust that we are reaching the end of a wave of world speculation during which shares have passed from holder to holder with little or no regard to their intrinsic merits as investments, dealings having been stimulated by hopes of rises in quotations with a chance of getting out before the top is reached, and the inevitable slump takes place. A boom of this description has little if anything to do with the administration of companies except that shares, especially of low denominations, are convenient counters for a gamble. We hope that when we have returned to normal times, unsatisfactory features will disappear, and better conditions will be available for those who are honestly engaged in the management of enterprises upon the success of which the prosperity of the country is largely dependent.

The Chancellor of the Exchequer, speaking at the International Thrift Congress last month, described as very remarkable the increase in the savings of the people of this country during the last eight years. The total deposits in the various thrift organisations of the country at the end of last year amounted to £1,500,000,000, of which £500,000,000 stood to the credit of holders of National Savings Certificates, £288,000,000 on deposits in the Post Office Savings Banks, £160,000,000 in Trustee Savings Banks, £250,000,000 in Building Societies, and the balance in other thrift institutions,

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Another remarkable fact, he said, was the increase in these deposits during the past year, which in the case of building societies amounted to £87,000,000, and in the case of Trustee Savings Banks to £9,000,000. There was no doubt, he continued, that the bulk of these funds belonged to people of the manual labour class, although a considerable number of the lower middle class was also interested. These figures were the more remarkable because during the last eight years there had never been less than a million industrial workers on the unemployment registers.

The failure of the Frankfurt General Insurance Company and other unpleasant occurrences in

relation to German companies have raised doubts as to the efficiency of joint stock company law in that country. In Germany there is no proper system of auditing a company's accounts. The management of the company is entrusted to a directorate, but is subject to the control of a supervision board. This board includes as a rule one or more bankers or heads of important industrial concerns whose time is pretty fully occupied elsewhere and who cannot therefore provide the effective control which is exercised by professional accountants in this country.

The supervision system is accordingly being attacked by shareholders who have suffered serious losses. These shareholders are asking why a costly organisation of this character should be maintained if it cannot prevent company scandals, most of which have revealed abuses of long standing which any British accountant acting as auditor would have discovered. The method of remunerating supervision boards on a percentage basis often swallows up a considerable sum, and the shareholders are not satisfied that they get an equivalent in the protection of their interests.

The annual report of the Board of Trade for the year 1928 on the working of the Companies Acts shows that the total number of new companies registered in England during the year was 9,016. Deducting from this figure 3,051 companies which went into liquidation and 1,395 which were removed from the register on the ground that they were no longer carrying on business, there was left a net increase for the year of 4,570 companies. The total number of companies on the register in England at the end of 1928, excluding those in course of liquidation or removal, was about 100,000 and the number on the Scottish register about 7,500. The number of new companies is some 600 less than in the preceding year, but the nominal capital is greater, the average per company being £3,900 more.

Of the liquidations which commenced during the year 1928, 2,843 were voluntary, 218 compulsory, and 6 under supervision, the corresponding figures for Scotland being 184 voluntary, 5 compulsory and 2 under supervision. The registrations of limited partnerships still continue to decline, the total for the year being 28, as against 32 for 1927. The subscribed capital, however, is considerably greater, viz, £176,000 as compared with £72,000.

According to the report of the Chief Registrar of Friendly Societies for the year 1928, the number of trade unions upon the Register at the end of each of the ten years 1918 to 1927, and the aggregate membership of the unions were as under:—

Year.	Number.	Membership.
1918	527	5,259,410
1919	544	6,516,436
1920	557	6,928,666
1921	524	5,453,815
1922	514	4,505,941
1923	490	4,368,877
1924	484	4,458,147
1926	488	4,447,818
1926	485	4,147,653
1927	487	3,903,048

The year 1926 was the year of the "general strike," and the Registrar regards the decrease of membership in 1927 as well as that in 1926 as being possibly attributable to that root cause. In any event the decrease in membership during these two years was nearly 550,000, or about one-eighth of the number at the beginning of 1926. The registered trade unions comprise about 80 per cent. of the total trade union membership.

Mr. Snowden, the Chancellor of the Exchequer, speaking at the Cutlers' Feast at Sheffield, said that perhaps the most interesting thing would be if he were to take the audience into his confidence and disclose the secrets of the next Budget, and his statement would be all the more welcome if he were able to give a promise of a substantial reduction in taxation. Revenue, he said, had come in fairly well during the past seven months, but it would have to be better in the next five months if the Budget estimates of last March were to be realised. The slump on the Stock Exchange last year, following the great boom, had seriously affected the yield of stamp duties. The duties for alcohol were also falling off, and they would feel the full effect of the two rises in the Bank Rate, which had increased the cost of Treasury Bills by about 2 per cent. Moreover, the Exchequer had in recent years been living beyond its income, and obligations would have to be met next year which would involve a heavy increase in national expenditure. "In these circumstances," he said, "I am afraid you will think the prospect of any reduction in taxation when I present the Budget next April is not hopeful or encouraging."

Legislation and Education for the Accounting Profession in England

WE trust that the closely reasoned and moderately stated arguments of Mr. Thomas Keens, President of the Society of Incorporated Accountants and Auditors, on the subject of Legislation and Education for the Accounting Profession in England which he presented to the International Congress on Accounting and which were fully reported in the October number of the *Incorporated Accountants' Journal*, have been carefully read and digested, together with the report of the debate thereon.

On the subject of professional education as presented by Mr. Keens we do not propose to dwell, as we shall have other opportunities of dealing with his views on this part of the address, some of his proposals having already been given effect to by the Council of the Society. We would however point out that it is on the subject of practical training in the profession, which was in the forefront of Mr. Keens' paper, that the dividing line between the Institute and the Society on the one hand and the London Association of Accountants on the other is most clearly marked.

When we come to the other part of Mr. Keens' address on the subject of legislation for the profession we must express our opinion that Mr. Keens presented the case in a judicial manner which we think deserved a better reception than it actually met with from the representatives of the English and Scottish Chartered Accountants present at the Congress. We take note, however, that much that Mr. Keens put forward was well received by both American and Irish Delegates. "Registration" is not favourably entertained by the Council of the Institute of Chartered Accountants in England and Wales, and the resolution of the Council of the Society of Incorporated Accountants and Auditors that the registration of the accountancy profession is desirable in the interests of the public and the profession has not met with a good reception in that quarter.

Sir William Plender, who is President of the Institute for a third time, having previously occupied the Presidential Chair in the years 1910-1912, holds a definite place in English public life and he possesses in a large measure the cordial goodwill of Incorporated as well as of Chartered Accountants. But we must confess to a feeling of disappointment that Sir William met the case presented by Mr. Keens with arguments on similar lines to those of the Chartered Accountants of a quarter of a century ago without suggesting any remedies for a position which must at times be a cause of uneasiness to the whole profession in Great Britain and Ireland. However, we take such comfort as we can from Sir William's statement that a full and impartial inquiry into the whole question should precede any commitment to the principles involved.

With regard to Sir William's statement that he had never seen any real and tangible evidence of a public demand for registration, this was answered very effectively by Mr. D. Springer, of Washington, who said that the question before them was whether they should decide in a matter of that sort from the standpoint of their relationship or from the standpoint of their citizenship, and in reviewing the history of the professions in the United States he said that they would never have had any control either of the legal profession or the medical profession had they waited until the public demanded it, and he doubted whether in any country in the world they would have had the beginning of accountancy legislation in any form had they waited for a public demand. Mr. A. H. Muir, of Belfast, said that the Irish view regarding registration was that there should be some guarantee that when a man held himself out for employment by the public as an accountant he should be possessed of the necessary qualifications and should be a man of integrity subject to discipline.

The question of registration has suffered in our opinion because it has been approached in a spirit of contention as between certain bodies of accountants. We could present an excellent case for one of these bodies, but we refrain from doing so because we should be emphasising the very point to which we are taking objection. We do not desire for one moment to attack the status of the Institute or to emphasise the claims of the Society to public confidence, but we would ask whether all the leaders of the profession can honestly say that everything is well with its organisation. The profession as a whole cannot be judged from the standpoint of the Stock Exchange Official Intelligence or from proceedings before the Local Legislation Committee of the House of Commons. The leading firms of accountants are established in public favour which will not be enhanced or diminished by any properly thought-out legislation. There are, however, as Mr. Keens has often pointed out, hundreds of qualified accountants up and down the country who are affected by competition of a serious nature which cannot be countered by any arguments however powerful.

We have before us as we write the prospectus of a limited company which has obtained a

considerable amount of public support. It represents a combination of persons interested mainly in rural industries and is a trading organisation on co-operative lines with a number of advisory departments attached to it. One of these departments is in connection with accountancy. Account-keeping for estates and farms, audits for members having their own book-keeping arrangements, and the preparation of returns for income tax by a staff specialising in this work, are among the advantages offered to subscribers. The secretary of the association is a Chartered Accountant, and we know that it has taken away from practising members of the profession a considerable amount of business which it would not be open to a professional firm to compete for, as both Chartered and Incorporated Accountants in practice are precluded from all forms of advertising. We do not contend that registration is bound to provide a sure remedy for this sort of thing, but we cite the case as evidence that all is not well with accounting as a profession and that its position cannot alone be dealt with from the viewpoint of those who are consulted on the important business of the great cities in the British Isles.

The Accountant's Duties to the Press and the Public.

MUCH has been said and written about accountants' duties and responsibilities. These naturally vary according to the nature of the work which is undertaken. When acting in the capacity of auditors of public companies there is a tendency on the part of shareholders and the public to regard accountants as guarantors of the accounts to which they append their signatures. There is no authority whatever for this. All they are legally required to do is to say whether, in their opinion, the balance-sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of their information and as shown by the books. While accountants take all reasonable steps to satisfy themselves as to the accuracy of the figures, there are questions as to the values of stock-in-trade and other assets in regards to which they must rely upon the responsible officers of the company or information obtained from the books. But beyond the direct responsibility to the company by whom he is employed there is the question of an auditor's duty to the public. While this may not be a legal responsibility, it involves the reputation and status of the accountancy profession, and the minimum is not the standard which professional accountants keep in view.

This subject was discussed at the recent Congress on Accounting, held in New York, in a paper by Mr. C. Hewetson Nelson, of Liverpool, a Past President of the Society of Incorporated Accountants and Auditors. Mr. Nelson said he was persuaded that accountants must exercise their power to the full and take a high ethical view of their responsibilities, always bearing in mind that the accounts were not only for the information of shareholders but for the guidance of future investors. "I regard it as a fundamental factor," he said, "in the conception of a limited liability company that shareholders are entitled to reasonable information in order that from time to time they may form an opinion of the value of their investment." In practice there is considerable variation in the amount of information disclosed. Sometimes a detailed profit and loss account is given, while in other cases the published profit and loss account gives little or no information, and sometimes no profit and loss account is supplied at all. In this connection it is interesting to note that while the new Companies Act requires the balance-sheet to be sent to the shareholders of all public companies, there seems to be no specific provision for a profit and loss account to accompany it, but only to be submitted to the shareholders in general meeting. Mr. Nelson's view is that the influence of the profession and the Press should be directed to the publication of sufficient information both in balance-sheets and profit and loss accounts to make them intelligible and at the same time consistent with commercial prudence. In prescribing what information is to be contained in the balance-sheet the new Act follows very largely the recommendations of the Companies Committee of 1926. This Committee expressed the view that as regards the form of the accounts, companies should, within reasonable limits, be left a free hand, and also that it would be a mistake to attempt further to define the duties of auditors by statute, having regard to the multifarious circumstances which arise in practice. The new Act has, in fact, given very little direction as to what should be set forth in the profit and loss account, but has made some very specific provisions as to the contents of the balance-sheet. In particular, the balance-sheet must now show how the fixed assets are valued, and give full particulars as to loans to directors and officers of the company, exception being made in the case of loans to employees within specific limits if made in accordance

with practice. Shares and debentures in subsidiary companies, as well as amounts owing by them must be separately stated in the case of a holding company's accounts, while every company must show in its balance-sheet the amount of preliminary expenses not written off, as well as the expenses of issue of capital or debentures and the commission and discount paid on the issue of shares and debentures. On the other side of the balance-sheet a "Capital Redemption Reserve Fund" has to be created in respect of any redeemable preference shares which have been redeemed out of profits and secured creditors (other than by operation of law) have to be shown as a separate item. Many of these provisions follow what has been the best practice of accountants in the past, but it has not always been easy for accountants acting as auditors to get balance-sheets stated as they would wish, and the new statutory provisions will be welcomed by them as tending to strengthen their hands. One important feature of the new legislation is that in the future there can be no separate report by the auditor. Every auditor's report must now be appended to the balance-sheet and (in the case of public companies) issued with it to the shareholders.

Other matters dealt with by Mr. Nelson were the criticisms of the Press as to the rather subtle terms in which auditors sometimes qualify their reports thereby leaving too much to inference. Further criticisms related to the contents of the balance-sheet. Amongst these was the dislike of such items as preliminary expenses and discount on debentures appearing as assets. One critic even went so far as to bring goodwill under his ban. Another objection was the creation of secret reserves, which tended, it was said, to mislead the shareholders as to the true value of their shares. There was also a suggestion that the difficulty of auditors with regard to the values of fixed assets should be overcome by having a valuation of these assets carried out from time to time by a professional valuer. With some of these editorial views Mr. Nelson said that accountants could readily associate themselves, but in regard to others there was a substantial answer. "I think," he said. "our friends, the financial writers, hardly assess sufficiently highly either the difficulties which auditors face or the moral influence and pressure which is continually exerted by the accountancy profession." If we may be excused for having the temerity to criticise the critics, we think there is sometimes a feeling that the Press themselves are not always as critical as might be desired of prospectuses which are published in their columns, although they are seldom deficient in their analytical capacity when a company comes to grief. Perhaps we all suffer a little from the natural tendency to see the shortcomings of others more vividly than we do our own.

RATING RELIEF PERMANENT PROVISIONS.

[CONTRIBUTED.]

ON the appointed day (*i.e.*, October 1st, 1929) for the relief of rating to industrial hereditaments, the temporary provisions of various Acts came to an end and the permanent provisions of the Local Government Act, 1929, came into operation. At the same time the specially prepared lists of premises accepted as industrial, have been incorporated with the main valuation lists. Any objection whatsoever must now be made by a "proposal" in accordance with sect. 37 of the 1925 Act, which reads as follows:

> "Any person . . . who is aggrieved by the incorrectness or unfairness of any matter in the valuation list for the time being in force or by the inclusion therein, or omission therefrom, of any matter . . ."

Application for inclusion as an industrial hereditament must be made in similar manner to that explained below.

For valuation purposes for any and every class of property the provisions of the 1925 Act will apply, as it will for the procedure of rating generally. For those with industrial premises the following permanent provisions of the Local Government Act, 1929, Part V, will also apply both to individuals and firms. The rateable value from October 1st will be one quarter of that entered as "net annual value" on lists for those parts of premises accepted as being occupied and used wholly for industrial purposes. Ratepayers should note that on the lists will appear "net annual value" attributable to industrial parts and "net annual value" attributable to non-industrial parts, if any. If the latter do not exceed 10 per cent. of the industrial portions, all the net annual value will be entered to the industrial parts, and the entry for non-industrial will be "nil." If the 10 per cent. is exceeded, then only the amount in excess of this will appear on lists as non-industrial. Therefore the rateable value will be one quarter of the net annual value of industrial parts, added to the full net annual value of the non-industrial portions, if any, and on such rateable value the rates from October 1st will be levied.

Sect. 70 makes provision for the possible alteration in status of premises after October 1st, *i.e.*, premises which may become or cease to be industrial hereditaments, and for the necessary insertion in lists in force at the time of any different description of premises. Action must be taken under sect. 37 as explained above by a "proposal," and it is

important to note that, for the inclusion in lists of premises which . . . may become . . . industrial hereditaments, the owner or occupier must apply for such alteration. Special forms will be supplied for this purpose on application to local authorities. Rating authorities will take no action whatever as to inclusion as industrial unless application is made by persons interested.

Should a rating authority wish to alter entries relating to premises which in its opinion . . . cease to be . . . industrial hereditaments, the authority itself must make application to the Assessment Committee to give a decision on an objection, which is entered as a "proposal" under the same section, before such alteration can be effected. If the occupier or owner is not in agreement, he can enter an appearance against it. Such change in status will have effect only from the date when the alteration took place.

As regards rates paid by the landlord, sect. 11 (1) of the Rating and Valuation Act, 1925—the principal rating Act, upon which the procedure of every other rating Act is based—empowers rating authorities to call upon the owner to pay rates instead of the occupier, the latter paying rates in an inclusive rent to landlord. The new provision gives the rating authority wider discretionary powers. In the 1925 Act it was provided that the compulsory resolution could only have effect if the rent was paid at less than quarterly intervals. Sect. 71 of the 1929 Act now allows the authority to put this resolution into effect, without taking into consideration the intervals at which rent is payable. Hereditaments with a rateable value exceeding £13 per annum, however, cannot be included in this compulsory resolution. A rating authority and owner can come to a voluntary agreement making the owner responsible for the rates, also for any rateable value, but only for hereditaments let at a shorter term than a quarter. Commission is allowed to the owner, but he must at stated intervals furnish the authority with various particulars relating to occupiers, &c.

Respecting inclusive rentals, sect. 73 is most important to the occupier of industrial premises, where the landlord pays rates and charges an inclusive rent. The landlord under this section is required to pay to the occupier or to allow deduction from the rent of a sum equal to the difference between the rates payable under this Act—after deducting commission allowed by the local authority—and the amount which would have been payable at same rate on net annual value. Thus, broadly speaking, the 75 per cent. rebate is to be handed over to the tenant or occupier, notwithstanding that the actual cash payment for rates is made to the authority by the landlord. If such premises, rated as a single hereditament, are let to more than one tenant, the rating authority can be called upon to certify the amount to be paid to each tenant.

Where the water charges are based on rateable value, sect. 77 makes provision that the rateable value as entered under this Act shall not apply, but that the water charges shall be based on "net annual value"; that is, of course, the valuation before the 75 per cent. is deducted. Where "net annual value" does not appear in any valuation list, the value of the water charges is to be determined in case of dispute by two Justices of the Peace.

There are also other cases where "net annual value" is to be substituted for the amended rateable value under this Act. Qualification of jurors and special jurors come under this heading, and qualification of voters in respect of land will be taken as based on gross value. If property is not so assessed, a Court of Summary Jurisdiction is to decide in the event of any dispute.

INCORPORATED ACCOUNTANTS AS MAYORS.

Mr. H. Harper Smith.

The interesting announcement is made that Mr. Harry Harper Smith, F.S.A.A., is the Lord Mayor designate of Norwich in succession to Mr. Herbert Philip Gowan, F.S.A.A. Mr. Harry Harper Smith is the senior partner of the firm of Messrs. Harper Smiths, Incorporated Accountants, of Norwich, King's Lynn and Ipswich. He was admitted an Associate of the Society of Incorporated Accountants and Auditors in 1898, and a Fellow in 1902. A native of Norwich, he was educated at the old King Edward VI School and in his early days was associated with the local Inland Revenue Office. In civic life Mr. Harper Smith has filled many and varied positions, and has also been actively engaged in charitable work. In fact he is described in the Press as "one of the most active and useful men of his time, so great is his past and still continued range of service."

Mr. F. J. Warren.

Mr. Frederick John Warren, M.B.E., J.P., has been unanimously chosen as Mayor-elect of Haverfordwest. Mr. Warren, who is a Fellow of the Society of Incorporated Accountants and Auditors, is J.P. for the county and the town of Haverfordwest, and a member of the Pembrokeshire County Council and of the Haverfordwest Town Council. He is vice-chairman of the County Finance Committee and chairman of the County Libraries Committee. He is also a member of the Governing Body of the Church in Wales and of the St. David's Diocesan Conference.

YEAR BOOK, 1930.

Members are requested to return to the Parliamentary Secretary of the Society the 1930 Year Book Returns which have been sent to all Incorporated Accountants.

Accurate and comprehensive entries in the new Year Book, which is being published in a revised and augmented form, can only be arranged in the case of those members who render the appropriate returns before November 16th, 1929.

International Congress on Accounting.

Continuing the report of the proceedings at the International Congress on Accounting at New York, which appeared in our October issue, the following are some of the speeches delivered in the course of the discussion on Mr. C. Hewetson Nelson's paper on "The Duties of Accountants to Press and Public Relative to Certification of Balance Sheets," which we published in our last issue. In the absence of Mr. Nelson, Mr. E. Cassleton Elliott, F.S.A.A., took charge of the paper at the Congress.

Mr. Collins's paper on "Municipal and Local Government" is published in another part of this issue, together with some of the speeches in the discussion that followed.

Discussion on "Duties of Accountants to Press and Public, Relative to Certification of Balance Sheets."

Paper by Mr. C. HEWETSON NELSON, Past President, Society of Incorporated Accountants and Auditors. (*Published in our last issue.*)

Mr. CHARLES E. MATHER, A.C.A. (England), C.P.A. (member of the American Institute of Accountants), in opening the discussion, paid a high compliment to the paper, which, he said, contained nothing he wished to controvert, but he would like to emphasise some of the points made by the writer. He thought it was fitting that professional conduct and practice should have kept ahead of legislation as indicated by the writer, and felt that the somewhat stringent requirements of the English law outlined in the paper should serve as a guide at least for those practising in countries where the laws were less exacting. He referred to a point hinted at several times by Mr. Nelson. In the first place he said "Consideration of the criticisms placed before the profession by the Press indicates the great reliance which is placed by the Press and by the public upon auditors." Among Press criticisms which the author summarised was the following:—"The idiom employed in the auditors' certificate is much too subtle for the average shareholder and investor. Only . . . . people who are gifted with suspicious minds can be expected to understand the true meaning of the certificate." Again—quoting from Sir William Plender at the last International Congress—"The auditor's responsibility should prevent him from signing a certificate the terms of which, while technically correct, might nevertheless be presented in such a manner as to render the true results obscure and lend themselves to wrong construction." These three extracts show clearly that the public and the Press really rely upon the name at the foot of the certificate. If the certificate is read at all, little attempt is made to understand it, and the only construction put upon it is that the accounts are all right. Therefore, accountants will all agree that we should not lend our name to any statement or to any accounts of a business that we do not believe to be honest and straightforward. Along the same lines, Press opinion is referred to thus: "When an auditor makes a reservation in his certificate, too much is left to inference." There must, of course, at times be reservations, but its purpose should be limited to placing on record for the information of those technically competent to understand, that the auditor does not quite agree with the management on some important though minor point, or that he feels that some additional fact should be brought out and stated for the information of the shareholders. A reservation should never be used as a cloak to protect the auditor if the balance-sheet, or the business behind it, is in his opinion dishonest. The well known proverb, "A man is known by the company he keeps" might be paraphrased, "An accountant is known by the company he audits." The Press is referred to as suggesting that "Auditors should evolve some form of certificate which should warn shareholders in clearer language when things are not going well." The author must have had this in mind in saying "there is a substantial answer," for it is hardly conceivable how an auditor could utter a warning if the figures themselves did not contain one. The Press is undoubtedly right in contending that, for prospectus purposes, a clear statement of past profits should be given "not averaged or subject to any reservation." We are all familiar with cases where averaged profits might conceal a very serious downward trend, but if the figures are not to be misleading the yearly profits must be given, and any allowances for changing conditions under the proposed new organisation must be clearly stated.

Mr. E. CASSLETON ELLIOTT (Member of Council, Society of Incorporated Accountants and Auditors) prefaced his remarks by an apology for the absence of Mr. C. Hewetson Nelson (Past President,) explaining that Mr. Nelson had arranged to visit America for the purpose of attending the Congress, but had been prevented from carrying out that intention owing to a special request that he should remain in England to undertake certain important work on behalf of a Government Department. The speaker went on to say that very little criticism had been directed at the paper under discussion, and the only point upon which he could touch was in connection with the certification of profits. They, as accountants, were called upon to certify facts, and facts only. He mentioned an instance where, in the case of the sale of a private company's assets, the financial statement prepared by the company taking over those assets might omit reference to the fact that prior to the transference thereof there had been no charge against the private company's operations in respect of managerial remuneration, because the business had been conducted possibly by its former owner. In such a case it was impossible for the accountant to estimate what those management charges should be, and in dealing with the financial statement prepared for the company taking over such a business it was impossible for the accountant to make a deduction in that respect. He considered that in a case of that sort it was the duty of the directors to point out in the prospectus that no charge had been made for management previously. Following the auditor's certificate, the directors generally showed exactly how they proposed to deal with the profits which they hoped to secure when the business came under their own control. Therefore, he felt that it was impossible for the auditors to do more than say "subject to certain charges," leaving further explanations to the directors. He repeated that it was up to them to

certify the facts, and the facts only. He would like to refer to a suggestion made in the Press that if a company appeared likely to "go on the rocks," the auditor should warn shareholders in the substance of the certificate. He thought they might take it that in most cases if a company were going on the rocks it was already on the rocks before the auditor had the opportunity of giving such a warning. The difficulty experienced by most accountants in certifying balance-sheets for prospectuses and the like was, he thought, that the public really needed education. It was not the auditor who required education as to what should or should not be stated in a prospectus; but it was the public who should be educated as to what the figures really meant. The difficulty in many cases was that the public took a prospectus, looked briefly at the board of directors, studied the auditor's certificate and then decided to subscribe for the shares. There was a tendency during the last few years in England for the public to regard promotions rather less from the sound business angle, and to indulge more freely in speculation with a view of capital appreciation of their shareholdings. There was a desire to secure appreciation in stock values, the profits from that source not being taxable in England. Mr. Elliott thanked the President for the opportunity of addressing the Congress.

Mr. WILLIAM CASH, F.C.A. (London), said there were just one or two matters in connection with Mr. Nelson's paper which he was glad to have an opportunity of saying a word or two about to members of the Congress. They no doubt had the paper before them, and they would see there that Mr. Nelson had referred to the Company Law Amendment Committee, which had sat in England for the previous two years. It was a great testimony to the profession in Great Britain that the Government elected three accountants to sit on that Committee, one representing the Scottish Societies and two representing the two main English Societies. Then, again, Mr. Nelson referred to the practice of accountants in England, particularly with regard to the certification of figures in prospectuses; and they would not be surprised to learn that the opinion of the Incorporated Society coincided with the opinion and the practice of the Chartered body, who also set themselves against the issue of any certificate which was not a certificate of facts; and anything in the nature of an estimate was, in the view of the profession in England, outside the duties of an accountant. His Institute had a record of a few cases of members who had departed from that view, and those they had dealt with under their powers, so as to express the view of the profession; but cases of that sort had been very rare. There was also reference to another matter which the Act, that had been gazetted to come into operation on November 1st, 1929, would make effective. That related to the filing of accounts; that was provided under sect. 110 of the new Act, and made it obligatory on companies to file—not the statement which had hitherto been necessary—but the actual balance-sheet which was issued to their shareholders. Mr. Nelson pointed out that the Act referred to made it essential that profit and loss accounts should be made public at the annual general meetings of companies. The speaker thought that Mr. Nelson had made a slight error having regard to the provisions of sect. 130 of the Act quoted, which, it seemed to the speaker, clearly provided that any document laid before shareholders at a general meeting had to be supplied to shareholders. Therefore, in effect, a profit and loss account would have to be circulated to shareholders. He did not know if Mr. Nelson would accept that correction. In practice, it appeared to Mr. Cash that it would follow that a profit and loss account would be issued and circulated by all public companies. Mr. Nelson, in his paper, also referred to another matter. He said that when that Bill, to which reference had been made, was discussed on the floor of the British House of Commons very considerable pressure was put on the Government, and the President of the Board of Trade, to make public by statutory disclosure a great many more details with regard to the operations of public companies than the Bill, as originally drafted, contemplated. That provision was resisted by the President of the Board of Trade who had charge of the Bill, and it was interesting to follow the suggestions put forward by various parties as to what should be made obligatory on public companies for disclosure; for instance, one party thought that a company should make clear what their internal reserves were, as distinguished from general reserves. Others thought —and that view ultimately prevailed—that such an obligation would have most serious and unfortunate results. If it should be made obligatory to publish to the world whatever their internal or hidden reserves might be, in time of stress, this would—in the opinion of those people—be ill-advised. Others considered that a company should also be called upon to publish particulars of its income tax assessment. That, of course, said the speaker, was a matter which would have been impracticable and would have led—he was sure—to violent protest on the part of the commercial world. There were other suggestions made—some of them of a semi-political character, which undoubtedly aimed at getting information which might be used for political purposes, as, for example, in the fixing of rates of wages, and so forth. None of those views were reflected in the Act in the end. He was sure they would all agree with Mr. Nelson's conclusion that the influence of the profession should be directed to the publishing of sufficient information both in balance-sheets and profit and loss accounts in such form as to make them intelligible, and at the same time consistent with commercial prudence. By that, Mr. Cash thought, the author of the paper referred to disclosures. With reference to the concluding paragraphs of the paper under discussion, the speaker said he felt that the provisions of recent British legislation would meet statutory requirements in connection with the problems dealt with for some time, and that they would not, in Great Britain, be called upon to consider and have further to adjudicate upon additional statutory enactments with regard to joint stock companies. He desired to congratulate Mr. Nelson upon his paper, and he had been very glad to have had the opportunity of saying those few words to the Congress.

Social Events and Entertainment of Delegates.

Shortly after the arrival of the Society's delegation in New York, they accepted an invitation to dinner by the American Society of Certified Public Accountants, when all the foreign delegates present were formally and individually introduced by the

Secretary, Mr. D. W. Stringer. A short speech of welcome was given by Mr. James Hughes (New Jersey), the newly elected President of the American Society of Certified Public Accountants.

On Sunday, September 8th, before the Congress opened, the foreign delegates were entertained at the country home of Colonel Robert H. Montgomery (President of the Congress), at "Wild Acres," Greenwich, Connecticut. The delegates were driven from New York through the outskirts of the City to "Wild Acres," which is situated in the midst of a broad tract of beautifully wooded country. The guests were received by Colonel and Mrs. Montgomery and entertained at luncheon. An early opportunity was thus given for delegates to become acquainted with each other, or to renew their former acquaintance at the last Congress at Amsterdam. The visitors enjoyed the shade of the woods and the freedom of the grounds, which were particularly welcome, as the weather was very hot.

After the return to New York an informal reception at the Hotel Commodore was given by the Congress Committee.

Each day the party were entertained at luncheon by one of the organisations sponsoring the Congress.

During the week a visit was paid to Columbia University, where there was an exhibition of old books on accountancy in Avery Hall.

Special entertainment was provided for the ladies during the whole week, and all the delegates were Hon. Members of the Accountants Club of America, the headquarters of which are in New York.

On Tuesday, September 10th, a banquet and dinner, followed by a dance, were given at the Hotel Commodore to all the members of the Congress and their ladies, sponsored by the New York Society of Certified Public Accountants (President, P. W. R. Glover, New York).

An afternoon and evening visit by steamer was paid to West Point, the Military Academy of the United States, which is situated on the Hudson River. The party returned about 10.30 p.m., and were able from the deck of the steamer to have a fine view of New York lit up.

Arrangements were also made to enable the visitors to partake of golf, to witness baseball games and tennis contests.

The President (Col. R. H. Montgomery), the Executive Committee and the Secretary (Professor Giles R. Courtney) are to be heartily congratulated upon the arrangements made, and upon having carried through the business and entertainment of the Congress with such marked success, particularly as, during the week, New York was suffering from an exceptionally intensive heat wave.

Golf Competition.

The Belfast and District Society of Incorporated Accountants and Auditors held their Autumnal Golf Competition at Holywood on Friday, September 27th. The competition consisted of 18 holes against bogey, and the winner of the Allen Cup, presented by the President, Mr. Fred Allen, was Mr. H. Andison, who returned a card of 4 down on bogey. The other best returns were Mr. A. McAdam (6 down) and Mr. N. A. Noble (6 down).

At the conclusion of the competition the members were entertained to tea by Mr. A. H. Oughton.

American Institute of Accountants

Annual Meeting at Washington.

An invitation was extended to the respective delegations visiting the United States for the International Congress on Accounting, to be the guests of the American Institute of Accountants at their annual meeting held at the Hotel Carlton, Washington, D.C., on September 16th, 17th and 18th last, after the International Congress had closed.

The Delegation of Incorporated Accountants consisted of Mr. Thomas Keens, President, London; Mr. Arthur Collins, London; Mr. E. Cassleton Elliott, London; Mr. James Baird, Belfast; and Mr. A. A. Garrett, Secretary; who were accompanied by Mrs. Thomas Keens, J.P., Mrs. Arthur Collins, and Mrs. A. A. Garrett. Among other visitors present were Mr. William Cash, London and Hon. George Colville, Past President and Secretary of the Institute of Chartered Accountants; Mr. E. van Dien, Amsterdam; Mr. L. B. Bell, Secretary of the Society of Accountants in Edinburgh; Mr. D. Norman Sloan, Secretary of the Institute of Accountants and Actuaries in Glasgow; Mr. Harvey Crowell, Halifax, N.S., President of the Dominion Association of Chartered Accountants; Mr. A. A. Gowan, Montreal, President of the Society of Chartered Accountants in the Province of Quebec; Mr. Percival Edwards, Toronto, President of the Institute of Chartered Accountants of Ontario; Mr. H. W. Chancellor, Sydney, N.S.W., of the Institute of Chartered Accountants in Australia; Professor Miguel Gutierrez Sanchez, Cuba.

The proceedings were presided over by Mr. FREDERICK H. HURDMAN, New York, President of the American Institute, who was supported by a large attendance of members of the Institute from different parts of the United States, including the following Past Presidents of the American Institute; Mr. W. Sanders Davies, New York; Mr. Waldron H. Rand, Boston; Mr. Carl H. Nau, Cleveland; Mr. Edward E. Gore, Chicago; Mr. John B. Niven, New York; Mr. William H. West, New York; Mr. John R. Ruckstell, San Francisco; also by Mr. J. E. Sterrett, Past President of the American Association of Public Accountants (the predecessor of the American Institute).

OPENING PROCEEDINGS.

The meeting was formally opened on Tuesday, September 17th, Mr. Hurdman taking the chair. Invocation was offered by the Rev. Canon Rudd, of St. Alban's Cathedral, Washington, who also delivered a short address on the development of the Episcopalian Cathedral, Washington.

An address of welcome was given by the Hon. S. F. TALIAFERRO, one of the Commissioners of the District of Columbia. It should be mentioned that the District of Columbia is a small area in which the City of Washington is situated. The District is under the direct control of the Federal Government of the United States, and occupies a peculiar position in the American Constitution.

Mr. FREDERICK H. HURDMAN, in a brief opening address, cordially welcomed the visitors and said

he was particularly glad to see them in Washington, because every American had two home cities, one in his own State and one in Washington.

Representative visitors were then called upon to respond to the welcome given by the President of the American Institute.

Mr. THOMAS KEENS, President of the Society of Incorporated Accountants and Auditors, who gave the first response, said: Mr. President, Ladies and Gentlemen; I wish to assure you of the sincere appreciation of the Delegation of Incorporated Accountants of the invitation extended to them to be present at your meeting and to be in this beautiful City of Washington. In thanking you, Mr. President, for your kind words, I recall with pleasure that this is not the first time representatives of Incorporated Accountants have had the honour of being the guests of the American Institute of Accountants or its predecessor, the American Association of Public Accountants. In 1904 at the World's Fair Meeting in St. Louis you entertained our first Secretary and now Past President, Sir James Martin. Again, the late Mr. Arthur E. Green and the late Mr. Harry Lloyd Price, Past Presidents, have been your guests, and in 1924 you received our present Secretary, Mr. A. A. Garrett, at your 20th Anniversary Meeting at St. Louis. During the last few months we have had the opportunity of reviewing accountancy from many angles. Before we left England we received visitors from Australia and South Africa. In the course of our recent visit to Canada we met other Incorporated Accountants and also the Chartered Accountants of Quebec and Ontario, whose acquaintance we are glad to renew here. In New York at the International Congress, accountancy was presented to us in its broadest and international aspect. To-day, happily, we find ourselves as the guests of the senior body of the accountancy profession in America, whose particular care is the standards of professional accountancy all over the United States. This is an aspect which appeals to us particularly—an aspect which coincides with so much of our own work and one we are now able to review and broaden in the light of our deliberations in New York last week. The Society of Incorporated Accountants has Branches in all the countries of the British Commonwealth, and many of its members who have come to this great country have, with our certificate, been given a professional welcome here and found an opportunity for professional advancement. That consideration has been in our minds for many years. You will be interested to know that in the light of our world-wide and international responsibilities, a restriction of membership to British subjects (inserted during the war) was removed some four or five years ago by unanimous consent of the members. That in my judgment was a proper step to take. The Society's first consideration is professional standards—I refer to professional training, ethical conduct, examination tests and educational work. No candidate is admitted without having completed long professional training and having passed the prescribed or approved examinations. But a special power in the Society's Articles, jealously guarded, infrequently used, places the Council in a position to give a measure of reciprocity in the matter of membership, if there be full compliance with the standards imposed. But there is no bar of national status or citizenship. Our knowledge and experience of the accountancy profession as exercised by the members of this American Institute of Accountants, coupled with the broadening of all business and professional affairs, leads me to think that this special power vested in my Council may have some valuable implications in the future. I see from your programme that the problems to be considered in the papers at this meeting echo those which come before us in our own practices in Great Britain. I wish you a successful issue to your deliberations and the continued prosperity of your Institute. To us the most happy part of our meetings in Canada and the United States has been the friendships we have made and renewed, and the kindness of our professional brethren whom we have met. We hope to have the pleasure of welcoming them on our side at Incorporated Accountants' Hall, which I may claim to be one of London's finest buildings, the beauty and craftsmanship of which we owe to that great American, the first Lord Astor. I thank you on behalf of my colleagues, Mr. Arthur Collins and Mr. Cassleton Elliott, the ladies and myself, for your cordial welcome and for the honour you have done to the Society which we represent. (Applause.)

Mr. WILLIAM CASH, who spoke on behalf of the Institute of Chartered Accountants in England and Wales, expressed his pleasure at being present and at what he had seen and heard during his visit to New York. On behalf of the Chartered and Incorporated Accountants of England, Wales, Scotland and Ireland, he renewed the invitation for the next International Congress to be held in England.

Other speakers were: Mr. E. van Dien, Amsterdam; Mr. Harvey Crowell, Halifax, N.S.; Mr. H. W. Chancellor, Sydney, N.S.W.; Professor Miguel Gutierrez Sanchez, Cuba; Mr. James Baird, Belfast; and Mr. James Hughes, New Jersey, President of the American Society of Certified Public Accountants.

Mr. FREDERICK H. HURDMAN then delivered his Presidential Address, and the Secretary, Mr. A. P. RICHARDSON, read the Annual Report. It was stated that the membership consisted of 1,742 members and 443 associates. The report contained interesting references to the work of the Institute's Bureau of Information, to the Certified Public Accountants' Act recently passed by the State of New York, which constituted an important precedent, and to the work carried on by the Institute in placing University graduates with practising firms, with a view to qualifying as members of the American Institute. Referring to questions of discipline, it was stated that, by a ruling of the Executive, members of the Institute were not allowed to participate in the activities of any coaching or teaching organisation which conducts its operations by methods which, in the opinion of the Committee on Professional Ethics, are discreditable to the profession.

PAPERS BY MEMBERS.

MR. CHARLES R. TROBRIDGE, New York, addressed the meeting on "The Accountant and the Lawyer in Tax Practice," and a speech on the paper was given by the Hon. J. Harry Covington, Standing Counsel to the American Institute. Mr. G. S. Olive, New York, read a paper on "The Organisation of an Accountant's Office," Mr. Thomas Keens and Mr. Arthur Collins taking part in the discussion.

The last paper was by Mr. Albert Morrill on "The Development and Effect of Chain Stores."

ELECTION OF OFFICERS.

At a special Business Session the following were elected officers of the Institute for the ensuing year:—*President*, Mr. Frederick H. Hurdman, New York. *Vice-Presidents*, Mr. Stanley G. H. Fitch, Massachusetts; Mr. Overton S. Meldrum, Kentucky. *Treasurer*, Mr. Andrew Stewart, New York. *Executive Committee*, Colonel Arthur H. Carter, New York; Mr. Lewis G. Fisher, Rhode Island; Mr. P. W. R. Glover, New York; Mr. T. Edward Ross, Pennsylvania; Mr. J. E. Sterrett, New York.

VOTE OF THANKS.

A vote of thanks to the President, Executive and members of the Institute was proposed by Mr. E. CASSLETON ELLIOTT, Incorporated Accountant, London, on behalf of the visiting delegates for the welcome and hospitality extended to them. He said they had enjoyed their visit to Washington immensely and especially being the guests of the American Institute of Accountants. The vote of thanks was seconded by Mr. HARVEY CROWELL, President of the Dominion Association of Chartered Accountants, Halifax, N.S., and carried by acclamation. The President acknowledged the vote on behalf of himself and his fellow members.

ENTERTAINMENTS.

The ladies were entertained at luncheon by Mrs. F. H. Hurdman, and a number of golfing competitions were arranged. Visits were paid to Mount Vernon, the home of George Washington, and to the River Potomac. The visitors had an opportunity of seeing the Capitol, the White House, the Lincoln Memorial, and other buildings of interest in Washington, and the members of the Society's Delegation were also present at a debate in the United States Senate. An inspection was made of the original copy of the Declaration of Independence and of the Constitution of the United States, which are housed in the Congressional Library.

ANNUAL DINNER.

The dinner was given at the Hotel Carlton on September 18th, when the toastmaster was Colonel Arthur H. Carter, of New York. The visitors were personally introduced to the company, and during the course of the dinner interesting speeches were given by Mr. F. H. Hurdman (President), Colonel Arthur Carter and Mr. Thomas Keens (President of the Society of Incorporated Accountants).

An announcement was made that the meeting of the Institute in 1930 would be held at Colorada Springs.

The Delegation of Incorporated Accountants left Washington for New York on September 19th, and sailed for England on the 21st.

Municipal and Local Government Accounting.

A PAPER read at the International Congress of Accountants, New York, by

MR. ARTHUR COLLINS, F.S.A.A.,

Member of the Council of the Society of Incorporated Accountants and Auditors.

INTRODUCTION.

1. In these times, when public services are becoming so extensive, the cost of local government seems universally to be increasing, although there is a constant call for reductions in the expenditure out of the communal purse.

2. Even when primitive matters only are dealt with by the community for themselves (*e.g.*, water supplies and sewerage), the cost is generally criticised. That is partly due to the fact that most local governments in charging for the cost of the necessities or amenities they supply, have to spread the burden upon the basis of ability to pay, rather than according directly to the benefits received. But in any case most electors consider that community management of a public service is to be ranked at considerably less than 100 per cent. in efficiency. Certainly the majority of the public would appear to be convinced that it costs more to look after matters like public health or road maintenance by public management than it would cost if these things could be undertaken by a board of directors of private commercial enterprise. Anyone who endeavours to assist this Convention in the consideration of accounting in relation to local government has to keep clearly in mind this submission to public criticism.

3. The accounts of the revenue and outgoings on local government play their part in affording the community the information upon which to form a judgment, and express condemnation or approbation, as the case may be, of those costs. Public accounting has not only to exhibit sound proof of technique as judged by the professional accountant. It has also to furnish, for public use, evidence of the proper use of public moneys, and to equip the members of the elected body, just as a board of management in a private business incorporation, with data for the direction of new affairs.

4. As members of the accountancy profession we may note in passing that a certain price has to be paid for rights to a system of democratic local government, as for instance in the severe restrictions which national laws and local opinion impose upon the local authority's power of exercising initiative and displaying enterprise revealed in other spheres of trade and industry by the ability to make and to show profits. These governing bodies exist mainly for providing public services and not for making a profit out of common necessities like hospitals or education.

5. Thus our conception of the functions of a system of accounting for municipal and other forms of local government has in some respects to be

circumscribed, in comparison with any contemplation of the scope for accounting in private business management. In such a business good accounting helps positively in various ways to induce greater profits. In local government it may only serve the negative purpose of assisting to restrain the growth of expenditure to conform to public opinion. At the same time, while the purposes of the income and expenses flowing into and out of the public purse may be strictly limited by law, or other powerful restraining factors, the working results of local administration brought out by the accountant have to make a complete disclosure of the financial position, and of all the details leading up to the amounts of revenue and expenditure exhibited. This is a consideration in publicity which may never present itself to those responsible for the accounting system of a commercial undertaking where a board of directors would never expect to be called upon (and if they were they would probably decline) to exhibit in the shop window of their annual statement of accounts those secrets of the management of the business which repose safely and quietly in the privacy of the president's desk or the isolation of the strong-room.

6. Couple with these fundamental principles of public accounts, in contrast with private business affairs, one additional element, namely, the fact that the governing body is not a board of directors of one mind and will, but a number of elected men of different schools of thought, and with antagonistic political theories and policies, and we have before us the chief ingredients of local government service which have to be digested by a system of accounting appropriate to a public authority.

7. The object of this paper is therefore to present a review of the practical measures which can be taken to instal and maintain a good system of accounting in the public service, outside the realms of national government (with which another paper deals). No useful purpose would be served in any international gathering by entering into an investigation of the forms of books or accounting records. It is not so much the form as the purpose of the accounts with which one is endeavouring to deal. If the aims are clearly seen, and the conditions under which local government is carried on are appreciated, the name or pattern of a book and the form of a balance-sheet of public undertakings, and so on, may well be left to those who have to deal with these matters in their respective countries.

8. It would be in keeping with traditional British policy if a considerable amount of discretion were left to local bodies and their financial advisers to determine the details of the book-keeping and accountancy arrangements by which their local records of income and outgoings were compiled. It would yet be consistent with past experience in our country if there were a continuance of a movement which has been growing in force for some years past, towards uniformity in the matter and substance of the summarised accounts in which local government working results were presented to the public, a feature of our subject which is developed later in this contribution. The observations, however, are only introductory.

9. At this point a synopsis of the important features of a good accounting system for local government purposes, with which this paper deals, may be presented as follows :—

(*a*) Financial control.
(*b*) The accounts in relation to the Budget.
(*c*) The basis of the accounts—payments made, or liabilities incurred.
(*d*) Classification and publication of the accounts.
(*e*) Cost accounts.
(*f*) Stores accounts.
(*g*) Public utilities accounts.
(*h*) Audit.

(*a*) FINANCIAL CONTROL.

10. It is observed that in this section of the work of the Convention the programme comprises at least two papers bearing closely upon municipal and local government finances. The first is a paper on "Municipal Budgets" by my friend, Mr. Anthony Macmillan, the City Chamberlain of Glasgow, Scotland, and the other on "Governmental Accounting" by Mr. Oscar Goddard, Hawaii. Distance and time makes it impossible for consultation to take place amongst us prior to the writing of our respective papers, but it will probably be necessary to read the three contributions as one whole to appreciate the place properly to be allotted to the separate subjects.

11. Turning to the synopsis as now submitted, while too much importance need not be attached to the sequence of the subjects enumerated, it may be taken as significant that financial control is placed first. The main reason for this is that, after all, accounting is only an instrument, in the writer's submission, for the exercise of financial control. Accountancy is not a mere exercise or study, nor is it either a science or an art complete in itself. Its functions depend upon the conception of the place it is to fill in the whole scheme of public management, and no matter how perfect it may be as a machine the accounting system fails, and may represent nothing more than a waste of good money, if in fact it is not used to strengthen the hands of the governing body in taking care of their finances.

12. The point at which accounting finds contact with local government is after duties have been undertaken by the public body, and services commenced, by which income is secured or liabilities are incurred. Primarily financial control over the local expenditure of public moneys has to begin with the adoption and application of a code of rules comprising a practical system of sanctioning the steps leading to commitments. Such steps, dealt with quite shortly, might well comprise :—

(*a*) An obligation upon every official or agent of the local body to execute acts and issue orders only in conformity with sanctions previously communicated by the governing body.
(*b*) Standing orders for the management of business at meetings of the local body (and its committees, if any), whereby expenditure shall be approved, or income authorised for collection,

only after the case for the action proposed has been submitted clearly and fully to the public body, preferably in written reports, or, alternatively, upon verbal statements in debate by responsible councilmen or officials, or both.

(*c*) An adequate system of records of such proceedings, and of authorisations issued thereafter, in a form founded upon experience, with the fundamental purpose of fixing responsibility upon the proper person or persons for all acts performed.

(*d*) Safeguards against either the local body or their officials embarking upon proceedings of any kind which do not conform to the laws of the country, or to the special provisions locally applicable by private legislation, for which purpose an officer skilled in the law must certify the propriety, in this sense, of what is proposed.

13. It is after these preliminary requirements of the situation have been met (although the accounting officer may assist and advise in the settlement of the course of procedure) that the accounting system takes its place in the local machinery of government, being designed (*i*) to apply checks and safeguards against the improper application of the public moneys entrusted to the hands of the local governing body, in so far as this protection may be secured by good accountancy practice, and (*ii*) to manage and control the collection of taxes and the spending of money so as to get the best value for the public.

14. The system should so operate as to throw out income to be secured, or expenditure incurred, without authority by law and by the approval of the governing body. It is next to see to it that the amount of expenditure duly authorised is not exceeded, or is not applied even to any other lawful or proper purpose, without the highest approval according to the regulations locally governing these matters.

15. Although the accounting arrangements cannot guarantee that the local government gets full value for every dollar spent, it can operate so as to see that revenue is not lost for want of a charging and collecting system, and that adequate evidence is forthcoming from the books and records that the local body has duly received the goods and services for which public moneys are to be paid.

16. In the end, the financial transactions of each fiscal year must be presented for audit and published promptly for public information, in a form enabling members of the public body to justify their actions, from the financial standpoint, to their constituents, by whose votes they were elected to serve upon the local governing body.

(*b*) THE ACCOUNTS IN RELATION TO THE BUDGET.

17. If these sanctions to the appropriation of public moneys for various purposes were to be given in proper form casually or separately for each transaction, they would need to be emitted almost continuously as the occasions arose by which citizens became chargeable with debts due to the community, or by which the community became indebted to its creditors. The public service therefore requires that there shall be a comprehensive review of the functions to be discharged during each fiscal year, and the cost thereof to be defrayed out of the public purse—a review precedent to the events by which those financial obligations are incurred.

18. Such a sanction is given in appropriate fiscal periods, mostly yearly or half-yearly, upon the presentation of what is known in English as a "budget" submitted to the local governing body under local rules governing the form and manner of submission. (This word "budget" has a curious history, but a significance commonly understood without explanation here.) The budget determines the amount of local taxation (which in England is called "rating"), and allocates to the various purposes therein approved the sum of money which, after receiving the advice of the appropriate officials, it is deemed necessary to spend in the public interest.

19. Further discussion on the use of the budget principle must be left to another paper, but from the accounting standpoint, be it remembered that the accountant is not concerned with the adequacy or otherwise of the provision made in the budget for each item of public service thereby charged to the public purse. His accounts may reflect the fact that public moneys are being applied to one or other phase of public work which to one school of thought may appear to be entirely out of proportion to other heads of service, but these matters depend upon politics—not necessarily party politics—and for such the accounting officer has no responsibility, provided always that his accounts reveal the income and expenditure clearly and adequately to enable a scrutiny to be applied by others who will determine whether too much is being spent on one purpose and too little on others. Thus when the purpose of a prescribed amount of expenditure has been approved by adoption of a "budget," it remains for the accounting system to see that payments are in order and do not exceed the budget appropriation. The accountant, however, is vitally concerned in seeing that so far as it lies within his power he makes his accounting system a valuable agent for securing to the local body the nearest it can get to a dollar's value for every dollar spent. The ways and means by which he may usefully play a part in this form of financial control will appear at appropriate places in this paper.

20. No doubt stress will be laid, in the separate essay concerning the municipal budget, on the importance of that document not only as an instrument essential for securing good local government, but as a statement comprising the programme of service, maintenance and development, which is being financed out of rates or taxes. A budget may either be regarded as a document simply justifying the levy of so much taxation—it may even be only a first instalment of taxation, for a fiscal year, to be followed by supplemental levies—or it may, on the other hand, be an indication in earnest of the various works and purposes which are to be undertaken as

the complete work of the year, so far as can then be foreseen, and, therefore, more than merely a formal statement. The effect on the municipal accounts is injurious, if the local government budget does not facilitate financial control. One of the best tests both of good local government and of a good accounting system is a statement comparing budget provision with actual expenditure out of taxation. If the budget be mere window-dressing, then serious excesses of expenditure may arise over the taxes yielded by the local levy. Moreover, taxes levied for one purpose according to the budget may with loose budgeting and accounting systems be appropriated to purposes which may never have appeared in the budget, and for which official sanction or public approval would never have been given had the facts been disclosed in the first instance.

21. Local government accounts can, therefore, advantageously be built up, as a system, with the local budget as the foundation. The accounting system should also provide for insistence upon observance of official sanctions for all expenditure given by the local governing body or the supervising State authority, and the more the accounts can do to bring to light expenditure out of taxation which has not been expressly authorised by the prior approval of the budget or by subsequent supplementary sanctions the better. The result then is that gradual care is taken to make the budget a complete document taking the form of a programme of work to be done in a fiscal year, so eliminating a constant succession of supplementary budget items from time to time throughout the fiscal year, which at its conclusion leave the yield of taxation below the expenditure incurred, and upon examination in detail quite different from that schedule to which sanction has been given by the budget.

(*c*) THE BASIS OF THE ACCOUNTS, PAYMENTS MADE, OR LIABILITIES INCURRED.

22. Another of the features of local government accounting, with which professional accountants not experienced in this work may not all be familiar, is the adoption of the cash system as the basis of the accounts. By that elementary practice the accounts bring into record only items of cash coming into official possession, and only payments made out of official funds. Commercial business practice more generally follows the course of treating records of cash received and cash paid only as an incident—a secondary event—in the arrangements. The commercial basis involves a record of liabilities incurred at the time the local government body enters upon a transaction which results in indebtedness, so that even though the payment of cash in discharge of that liability may not take place for some time afterwards, the necessary appropriation of budgetary provision is made, and the books and accounts suitably record these obligations. Similarly with regard to supplies given or services rendered by local bodies, the commercial system of accounting would insist upon the accounts comprising all transactions by which debts thus became due to the local government authority, whether such debts be collected quickly or slowly, the actual deposit of the moneys due with the local treasurer being a later incident which enabled the book-keepers to close the account of the debtor.

23. In most countries it would appear that the smallest local authorities, or the groups of public bodies having relatively minor powers and duties, find the cash basis, as distinct from the commercial basis, sufficient for their local purposes. It might be difficult for them to bear the cost of obtaining the services of an officer who is also a qualified accountant, competent to deal with commercial accounts, possessing good technique. Any clerk without special knowledge of accounting principles or practice may keep a cash book and enter up what is paid and what is received by or on behalf of the local authority. But to keep the accounts on a commercial basis recording indebtedness and not merely cash transactions, involves, as may presently appear, the adaptation of the most modern accountancy practices which have been evolved in large businesses. These would comprise, for instance, the preparation of job or process costs applied to public works, and a system (which might well be complex) of recording transactions in stocks and stores of consumable goods, and articles in various stages of manufacture in workshops, or other hives of industrial activity, operated by skilled and unskilled workers in the service of the local governing body.

24. Certainly in countries using the English language it may be observed that the tendency is clearly to move towards the adoption of the products of accountants with wide experience of commercial concerns and private business corporations, all working on a commercial basis of accounting, and not merely upon a cash-recording plan. But it would not be fair to condemn the cash basis for purposes of local government accounting without any record of extenuating circumstances, quite apart from the practical difficulty of justifying the payment of a skilled accountant capable of keeping the accounts in accordance with the best commercial practice. This difficulty in the matter of payment may often be overcome quite conveniently by one competent accountant serving a group of minor local authorities as a whole-time official, or by the local governing body obtaining the services of a professional firm to keep and prepare the accounts for any locality, as a part of their common practice. It has been found that in dealing with established firms of professional accountants a local authority may secure excellent service in this way, without entering the firm of accountants upon any official pay roll, or having any disciplinary control over them, as they would have over an official accounting staff. The code of ethics of the profession of trained accountants is more than adequate to ensure to any local authority the best possible assistance in dealing with accounting work, where local circumstances make this course preferable to the appointment of a whole-time servant at a salary commensurate with the practice of skilled accountancy.

25. It is to be hoped that with this circumstance in mind the tendency already observable may continue to come under observation, and in an increasing degree, for experience shows there are so many advantages to be derived from keeping the accounts of local authorities upon a commercial basis, that it is in the public interest to discard the simple cash system wherever possible, and it is suggested that extra cost of staff should not alone be so powerful a deterrent factor as it has been in many cases. The cost of a satisfactory service in the keeping of public accounts does not appear only in the item of expenditure in payment of the salaries of the official accountant and his staff, or of the practising accountant furnishing the service to the local body. From that item of salary or fees, as the case may be, there certainly fall to be deducted the economies which follow from a closer scrutiny of income and outgoings of the public body. Upon a cash basis, intelligent criticism of communal expenditure is difficult, if not impossible, for the cash system is so susceptible to disturbance through fortuitous circumstances—such as the number of weekly pay rolls coming within a year, the postponement of meetings to pass the issue of cheques to creditors, and possibly delay (justifiable or otherwise) in bringing under notice accounts due for payment—that it is often difficult, if not impossible, to found, upon such accounts, criticism of the use of public moneys.

26. But perhaps the most important phase of this subject is the effect of the persistent endurance of the older canons of public finance which prescribed that the levy of taxation should be based upon cash transactions, and not upon liabilities. It is not difficult to trace the evolution of modern systems of budgetary and accounting principles and practice, which have led gradually to the adoption, in so many places, of income and liabilities as the foundation both for budgeting and accounting in the local government world, though the cash basis may still be adopted for the budget and accounts of national or federal governments. It is only necessary in this connection to mention one factor contributing to this end, namely, the acquisition and operation of public utility undertakings. It would scarcely be contended that the cash basis was proper for accounts of a trading concern being kept upon cash lines, even though it be under public management. The formulation of an opinion by the public upon the management of this service by the public body would depend considerably upon comparisons with private enterprise and management by a commercial corporation—using the word "corporation" in the American sense, as a concern of a corporate character, but not owned or operated by a public body. All such private managements of a public utility would keep and publish accounts on commercial lines covering income and expenditure, and their working results could not be compared with public management showing only cash accounts.

27. It was for long the case that insistence upon a budget on a cash basis made it appear to be just consequential that the accounts should also be cash accounts. It was (and to-day in national finance still is) often regarded as essential that taxation should not depend upon accounts taking note of liabilities, for the one reason, amongst others, that taxation according to budgets covering accruing income and liabilities may never yield an actual cash balance, and it is in fact the case that many local governments carry on their daily operations with cash accommodation from their bankers to make up for good debts due from citizens to the local government which have not yet been collected. This has been regarded by purists as a wrongful practice, a working cash balance being regarded by them as indispensable to sound finance. Where this view is still maintained and acted upon, the budget has to be prepared and taxes levied upon the cash position, showing the cash balance in hand plus the yield of taxation and other in-comings with which to provide for cash payments for the local services, leaving as an item equal in importance to any of the foregoing an adequate cash balance for operating purposes in the light of past experience of the local government work.

28. It may be that some budgets still rest upon a cash foundation, but is that any reason why the accounts should also necessarily be limited to entries of cash transactions? It is true that some local governing bodies with competent accounting staff overcome the difficulties which arise when the budget is on a cash basis and the accounts are operated on the commercial system. They show in their accounts in comparative form, under all appropriate heads of public service, the budgetary provision in cash for each purpose, and place alongside these the amount of expenditure incurred, having regard to all liabilities, and as a further figure the amount of cash transactions only under that heading. This process, while somewhat cumbrous, has served a useful purpose in the past, and may continue to do so in the future.

29. The essential feature of any of these arrangements, however, is that the actual operations of the local governing body during the year shall at the fiscal year end be brought into close check and comparison with the budgetary provision made for each specific public purpose. If the budget is on a cash basis, then working results on that programme have to be brought out on a cash basis. If the budget is on the commercial basis, then the operations of the year have to be disclosed in a financial statement comprising income accrued or liabilities incurred, as in the commercial system.

30. There are various hybrid forms of accounting by which experienced local government accountants, while having to conform to a cash basis for their main accounts, endeavour to satisfy their desire for efficiency in their work, so as to keep operating expenses on commercial bases. Such devices include, *inter alia*, the following:—

(*a*) A separate set of books keeping commercial accounts quite independent of the official system recording cash only.

(*b*) An arrangement for recording subsidiary or sectional transactions tracing the receipt,

storage and disposal of money's worth, such as consumable stocks and stores, lest the purchases having been debited in the cash accounts, the use of the materials passes out of supervision.

(*c*) The construction of secondary accounts by dissection of the official primary records so as to show the cost of some particular constructional job, or other separately distinguishable operation or action taken in the appropriate department under official authority or direction.

31. Is it expecting a standard too high for realisation if, as professional accountants, we seek to place accounts of local government authorities upon the same plane in the application both of accounting principles and practice, as that on which the best commercial concerns stand in our respective countries ?

32. My wanderings have enabled me to perceive that in the United States a good number of local governing authorities have an accounting system comparable in appropriate cases with the best that private commercial concerns can show in any country. The largest local authorities in Great Britain, and, by way of example, in Canada and in South Africa, have also disclosed to my inquisitive mind the fact that they consistently follow, and in some cases lead, the commercial world in the adaptation of the most modern ideas for use in public accounting circles. It is possible to recite in this contribution to the Convention many instances of the extensive use of mechanical devices for the performance of local government accounting work. The lay-out of premises to be devoted to the accommodation of accounting staff is now regarded by the largest local authorities as being just as important as the lay-out of a factory for machine hands. The professional and technical qualifications of the men in charge of the accounts of public bodies responsible for the collection and disbursement of millions of dollars are in English-speaking countries already high, and local government is securing officials from the ranks of professional organisations of accountants, the same type of progressive man and mind as that which has done so much to make the accounting service such a valuable instrument for the management of large undertakings throughout the world.

(*d*) CLASSIFICATION AND PUBLICATION OF THE ACCOUNTS.

32*a*. The extent to which public expenditure out of local government funds is dissected, and displayed or published under detailed heads or services, must naturally depend upon the size of the local authority. In a large city of a million people or more any one of the heads of expenditure, such as the maintenance of roads, may be many times more in amount than the total outgoings of the governing body of a small town or district. The division of the expenditure in the small community, so as to show the cost of each little branch of the public services, would, if applied on the same scale to a large territory, make the accounting system and the published statements a mass of detail, in which main features would be indistinguishable.

33. It is thus impossible to generalise on this matter. Certain essentials, however, demand recognition. For instance, the yield of each separate tax or other form of public levy upon the community must be recorded separately, and shown in recognisable form for public information. If and so far as the general expenses of public services are defrayed out of one or more forms of taxation all levied for the same purpose, the aggregate yield of the said taxes, and the aggregate expenditure out of such taxes, should be brought into the accounts for subsequent disclosure to the community. If any specific levy is made upon the whole or parts of the community for defraying the cost of a special form of service for their benefit, the yield and use of that tax should be kept separately in the books and the published accounts. In other words, general and special expenditure should not be so confused as to make it difficult for the elected governors of the community to control the management of their affairs by the full use of their accounting system. Besides this, democratic government demands that every elector, and particularly every taxpayer, shall be given the opportunity of seeing for himself the purposes to which his tax payment has been put.

34. Amongst the consequences of the observance of these general rules may be mentioned the following :—

(*a*) The keeping of separate funds for each tax, rate or other local levy which by law is to be utilised for prescribed purposes, even if this means the keeping of separate accounts for a great number of funds, or special pockets of money for which the local governing body must account.

(*b*) The adoption of a plan for dissecting the expenditure, and displaying it under appropriate headings to the extent to which such analysis is necessary for the purposes of the local governing body in administration and of the public in judgment.

(*c*) The preparation and records of all financial transactions dividing each compartment of the public affairs into two classes of business, namely :—

(i) Current, normal maintenance and upkeep of the services ; and

(ii) Extraordinary, abnormal, and (in some way or other) more permanent and enduring forms of service, such for instance as the construction of public works.

In British practice the former is defined as "Revenue" and the latter as "Capital."

(*d*) The summation of the transactions of each fiscal year into a comprehensive form showing revenue items in comparison with the budget provision for local taxation and capital transactions in comparison with the sanctions granted for the defrayment of such expenses out of borrowed moneys, instead of out of current taxation.

(e) The adoption of the practice of submitting to the local authority and to the public a balance-sheet showing the position of each separate fund or tax account, both on revenue and capital, incorporating therein all known assets and liabilities, this course being desirable, even where the budget and the current accounts are only kept upon the cash system.

35. In most of the greater areas of local government, the dissection of financial transactions so as to display them under appropriate headings is, for the purposes of practical scrutiny of the expenditure, more extensive and detailed than would be appropriate for incorporation in the budget or the public accounts, revealing the transactions of each fiscal year. The local government accountant is often confronted with important questions of policy in designing and maintaining an adequate accounting system for his local authority. If, for instance, he is serving a city with forty or fifty public parks, or other playgrounds and amenities of a like kind, he must conclude that he would be over-weighting the budget statement if he separated the public expenditure on every park, and furthermore descended into details of how much was spent at each park on wages, plants, machines and tools, cartage and overhead expenses of all kinds. To be consistent he would need to do likewise for every public institution operated by the town, and in due course there would appear the actual transactions of the year under the same numerous headings, compared with the budget provision made for the purpose. In that case his budget, and the accounts of the fiscal year in comparison with the budget, would comprise a book of such size as to make it impracticable for a general survey to be taken of the public affairs of the district.

36. He has therefore to resort to various devices, all legitimate, by which he may use forms of account giving condensed classification for the purposes for which those summaries are more useful than many details, and on the other hand his accounts must yield such detailed classification as to enable an adequate scrutiny to be applied to the expenditure on, say, plants at each public park. Only by the exercise of the comparative faculty can these things be directed satisfactorily in the public service. It would be no real help to any member of this Convention to be told, for instance, how much his city spent on its public parks. He might be surprised that it cost so much money until he remembered what he had to spend to make his own home garden look decent. (This instance is taken because it is one of which most professional accountants have had personal experience in their own private affairs, whereas few, if any, of the members of our Convention have had to make a road or build a hospital out of their private pocket.)

37. But armed with personal experience, few citizens, if any, could form an opinion upon whether adequate or excessive expense was incurred in the provision of plants over the whole parks service of the home town. A taxpayer, if interested, would naturally enquire what was the corresponding cost of similar amenities in other cities. He would then seek knowledge of what was spent in the park nearest his office or home which he would know best, and the corresponding costs in other parks in the city. That is roughly the process by which members of the local governing body as well as their critics reach a judgment upon the sum they will include in the budgets for levy upon the community by taxation. They are influenced by past expenditure and results and by their knowledge of comparative costs in other communities, and in the various parks and other public services they administer.

38. So the Local Government accountant caters for the elected body which manages as a whole the affairs of the community, and he has also to supply sufficient material for those in charge of each department of the public service, to judge, firstly, their requirements in money, and in money values; secondly, for each separate incident in the work of the department.

39. This dual process of dissection will frequently be found to involve some thousands of separate headings in the classification of expenditure which the local accounting system must record. The keen scrutiny thus made available on expenditure is found in modern circumstances, with such variety in the public services, to involve much more clerical work and staff cost than the yield to the service would justify. One of the fine points to which the accounting officer of a local authority directs his mind, in the light of his experience, and with all his skill, is the dividing line between economic and wasteful analysis of expenditure by clerical means, quite apart from the money value secured for each dollar spent, for instance, in a park. He has to ascertain, during long years of service, when and where the cost of keeping accounts of the disbursement of public moneys in detail is more than the practical value derived from the book-keeping costs. Thus there is a line to be drawn sooner or later, beyond which it is unprofitable to carry the dissection of expenditure by ordinary clerical means.

40. It has also to be borne in mind that on the other side of the ledger, namely, the income side, the accountant is unable to escape from the necessity for a mass of detailed accounts and book-keeping. A separate account has to be kept with every taxpayer, and in English-speaking countries the number of taxpayers might be taken as about one-fifth of the community. Any city of a million population has thus to be furnished with records of about 200,000 separate personal accounts of taxpayers, assuming that every taxpayer need only have one account for one tax or one group of taxes for which he is liable. But there may be special taxes as well as general, and frequently there are separate levies for supplies of water, gas and electricity, involving the service of monthly or quarterly accounts to the citizens for supplies afforded.

41. These ordinary incidents of local government accounting work naturally involve very large numbers of separate accounts. It has been pointed out, and

perhaps it may be repeated here, that there is rarely a business undertaking in any community which has more financial transactions, a bigger turnover, a greater number of employees, a larger number of contributors or customers, or any other index figure for testing the size of an undertaking, exceeding the corresponding figures for the business carried on by the local governing body. Local Government accounting, therefore, consists of a mass of details, in which one of the pitfalls most difficult to avoid is the loss of the power to see the whole from a point of vantage removed far enough from detail. To use a British expression appropriate to the accountant who succumbs to this temptation to get lost in details we would say, "He cannot see the wood for trees."

42. Up to about ten years ago the point at which clerical analysis had to stop because it was more costly than beneficial was drawn much nearer to the central point than it is to-day. This wider circle of investigation and enlarged scope for detection of waste is the result of a gradual process of elimination of clerical work in accounting by the substitution of mechanical devices. As a Britisher, it may be said by me in grateful acknowledgment that American inventions of mechanical devices for eliminating clerical work in an accounting office have done wonders in our local government offices. In few branches of business activity have the results been more beneficial than they have in local government circles. The very nature of their financial transactions, as the foregoing notes may show, makes their detailed accounting work most amenable to the application of mechanical arrangements for keeping accounting records. It has been found that the best results in a large community can be achieved by the adoption of the system of dissecting accounts by preparing punched cards of primary record, tabulation taking place by electrical contact on passing the punched cards through automatic machines. This process may be made to yield quite adequate records both of transactions involving income and expenditure respectively.

43. To this service has been added the use of billing machines, calculating machines, photostatic systems, and a variety of carbon-copy-slip arrangements, which have enabled the municipal accountant to furnish anything up to ten times the amount of dissection which previously he regarded as economical, while at the same time he has reduced rather than increased his staff on this work. There are to be seen in the United States local government accounting systems in which the only handwritten operation is the initial or signature of the accounting officer or his assistant. They are well worth while inspecting by such delegates to this Convention as may have any special interest in local government accounting.

44. It may be that too much technical matter has been imparted into this contribution up to this point, for it is not forgotten that the Convention comprises mostly general practitioners as accountants rather than specialists in local government finance, and it is well to make haste into other sections of this subject which may be of more general interest.

45. Amongst them may perhaps be placed the publication of local government accounts. Practically every one of us is a local taxpayer, but very likely not many of us are actually serving as elected members of the local governing body of our respective communities. We have an interest, therefore, in expenditure out of public taxation both as accountants and taxpayers, and there are features of the publication of accounts of local government which may appeal to us in both capacities.

46. The first point of importance is the fact that great benefits could be derived from the settlement of standard forms in which to disclose to the public the various purposes to which local taxes have been devoted. Each country has to be considered separately on this matter, for in some there are regulations in force, especially by law or general practice, which enable a citizen of one community to compare the amount expended upon some public purpose in his district with the corresponding outlay in other communities. Such comparisons cannot be perfect or absolute. They can, however, be utilised by the community sufficiently to make them effective in constructive, as well as destructive, criticism of the management of the community's affairs.

47. In other countries—amongst which it may sorrowfully be admitted that Great Britain, as a whole, appears—there is no recognised form in which particulars of all local government expenditures are published. Without going into details, it may be pointed out that it is not merely a matter of good technique to ensure the presentation to the public of financial statements equivalent (as nearly as may be) to the profit and loss account and balance-sheet of commercial undertakings. The publication of proper accounts is one of several important factors making up good local government, and as such a wide system of publication of a good form of accounts would be commended by us, both as skilled accountants and as taxpayers.

48. The publication of the accounts may well take at least two separate forms. Firstly, it might be recognised that the requirements of the man in the street, either as an elector or local taxpayer, or both, are not so extensive as to require an elaborate financial statement to be issued for his use. Experience generally shows, however, that good public service is rendered by the local government accountant who enables his local authority to furnish to the citizens a small compact publication of no more than, say, six or eight pages, of a size to fit a coat pocket, in which there is conveyed to him the outstanding features of the cost of local government as defrayed by taxation to which the citizens are subjected.

49. The average taxpayer, if he has any interest in the local government, wants to know how much it costs to run the county or city—he wants to see what is the public indebtedness for capital raised by borrowing in addition to funds raised by taxation. He may not know, but it is better if he is informed, how much of the current taxation is due to the interest

and redemption of accumulated capital debts, and how much of the taxes levied in the name of the local governing body is money collected locally for handing over to superior bodies like the County, the Province, the State, or the Federal Government. If part of the taxation levied by the national executive upon a national basis is devoted to contributions to the local authorities in relief of local taxation, then as most taxpayers pay national as well as local taxes, it is wise to show by how much local taxation has been relieved at the cost of the National Exchequer.

50. In the same way, if the local authority operates public utility services, the citizen should be able to see what average prices are charged, comparing the trend of such prices by brief chronological tables, and whether such services are given at a profit or loss, taking care to distinguish between appropriations of revenue for the reduction of debt, and the rest of the expenditure which may be comparable with private management of such utilities.

51. Such tabloid statements of accounts may beneficially be issued in great numbers, and made available to the public free of cost, or for merely a nominal sum. A fairly well informed public is more likely to make up into a progressive community, providing an attractive town catering for new business and new residents, than a community kept in the dark either deliberately, or for lack of adequate arrangements by the local governing body. Many will be well aware of a requirement of British law that on the back of every tax demand note particulars shall be given of the chief purposes for which the taxation is required. That is useful so far as it goes, but even useful information on the back of a tax demand note is not assured of a hearty welcome, which may more readily be accorded to a little booklet provided gratuitously for every taxpayer, not at a time when a further demand falls upon him.

52. For the administrative purposes of the elected members of the local governing body, and for the executive staff of the municipality in all its departments, much more extensive data is required from the municipal accountant. This is furnished to all spending departments in monthly or quarterly or other periodical returns, and at the end of the fiscal year is usually forthcoming in the form known in the British local government service as "The Annual Abstract of Accounts." Unfortunately this, a large volume comprising sometimes 300 or 400 pages of financial statements, is in some local governments regarded as an appropriate publication for general public use, without any popular digest in a small form. But while this large book (or something equivalent to it), showing a complete analysis of all the financial transactions of the local authority, is required for administrative and executive purposes, it is best confined to these spheres, unless, of course, any group of citizens taking a special interest in local government affairs desires to be supplied with a copy. In all those cases the municipal accountant should welcome the opportunity of supplying them with copies of the complete book covering all the operations of the community's business.

53. As accountants, we may rightly contend that while local government is conveniently administered by separate departments, managing the various branches of public work, and while the city's financial operations cover the transactions of each of the various funds and accounts, no published statement of any local government authority could be regarded as satisfactory from our standpoint if it did not comprise an aggregate balance-sheet, showing the true position of the local governing body as one entity, on the closing day of the fiscal year. It would be to such a comprehensive document that the auditor upon whom is laid the duty of examining and certifying the accounts, on behalf of any superior authority or for the public, would affix his signature, so that all subordinate transactions should be proved to be in balance with this key statement, and a bird's-eye view be presented of the condition of the finances of the community.

54. Whatever be the system of accounting followed, or the method of publishing the accounts, there should be insistence upon disclosure of all debts and liabilities unprovided for so that excesses of annual expenditure beyond the yield of taxation, and any unauthorised outlay out of capital moneys, should be brought to the public notice, and such other elementary tests of good government may be furnished upon an examination of the one summarised balance-sheet. It is not enough that these matters of public interest may be discovered upon examination in detail of various subordinate accounts scattered throughout a volume of considerable size. Such an arrangement lends itself to misuse, and when by some circumstance disclosure is effected it reacts unfavourably in public opinion upon the management of the community's affairs. Public confidence in the accounts is a valuable asset.

55. Lastly, in considering the publication of local government accounts, it may be suggested that the policy of the governing body and its executive, especially the accountant, should be one of co-operation with the Press. The local newspapers are usually the best medium by which the local government body and its staff may keep the public informed of their acts, as well as their aspirations. Co-operation between the public body and the Press in this sense does not mean that any official should use the Press for the dissemination of information beyond the reach of the elected members of the governing body. It does, however, require both council and executive to regard local journals as a medium for the circulation of information concerning the financial transactions of the public body. The public interest seems to suffer where those in charge of the accounts of the community regard the Press as hostile agents rather than as useful colleagues in the service of the public.

(*e*) COST ACCOUNTS.

56. The installation of a satisfactory set of cost accounts is now regarded as vital in the examination of public expenditure with a view to increasing the value obtained from it. In numerous cases coming under notice these cost accounts have been too

much like memoranda to be satisfactory, in that they consist of extracts made from the books and accounts which, when put together, purported to show the total cost of the particular job thus examined. Cost accounts, however, should be prepared as an integral part of the main system of accounting, so that when the total job costs are aggregated they are proved by the appropriate accounts in the general ledgers, and thus can be regarded as full, and more reliable.

57. It is true, of course, that the aggregated costs, even if in agreement in total with the main ledgers, could not thereby be regarded as correctly analysed to the various jobs. That result has to be attained by other means, but cost accounts built up on extracted data in memoranda form are rarely, if ever, found to be complete, quite apart from the question of the adequacy (or otherwise) of indirect or overhead expenses allocated to the job on the basis of these memoranda of prime costs. (The scheme of allocation of overhead costs to jobs is an intricate business in local government accounting, with which it is not possible to deal adequately in this paper.) But given cost accounts linking up with the general ledgers, they are a valuable adjunct to the accounting system. At the same time, as already stated, the analyses made by clerks for the purpose of arriving at job costs must not be carried to such an extent that the expense incurred in extracting the said costs is more than the benefits are worth.

58. These cost accounts ought not to be limited to constructional works, or repair jobs, or similar services carried out by the corporation's staff, as distinguished from work let to contractors on tender. Put to that use they are valuable, but they give greater service if applied to everyday work in the administration of the services of the various departments. Everyone is familiar with the practice of quoting a figure per unit for the generation of electricity. The unit idea is capable of adaptation to other forms of activity. Under the guidance of the Ministry of Health of Great Britain, we have recently seen the published results of the preparation of cost accounts by each municipality in a prepared group, showing the cost of public cleansing brought down into the outlay of so much money for the removal of a given weight of refuse. The "unit" for such purposes may be per ton, or other standard quantity. This arrangement of cost accounts, with which every commercial accountant is familiar, brings out the unit cost appropriate to this or any other section of the public service, and this practice is in course of being extended considerably. In certain test investigations into municipal administration in which some of us have been engaged, these unit costs have been worked out to reveal the cost, for instance, of rendering and collecting each tax-note, of despatching each letter, or of visiting in domiciliary cases of maternity and child welfare.

59. It should not be thought that such routine transactions performed daily are beyond the range of a costing system, or incapable of being reduced to solution in terms of cost per operation or transaction. It is by such tests nowadays, rather than by examination of vouchers upon which payments are made, that more and more value for money is being derived from public expenditure. In this class of work, also, American practice must interest the European, for specialists in the United States have developed a technique in these matters worthy of wider public notice than it has up to now received.

60. In between the costing of quite small but innumerable domestic operations, like the delivery of a letter on the one hand and the cost of a great public work on the other, there comes into view a wide range of expenditure to which a good costing system on an appropriate "unit" basis may potentially be applied. Striking results, for example, have followed from an examination of the cost of maintaining each chair in various administrative offices of a group of localities. These tests of the cost of official accommodation almost invariably bring out prominent features showing such disparity, without obvious explanation, as to lead to a process of inspection of these costs stage by stage, until the place of leakage can be discovered and corrective steps taken. In some instances it has been shown to be worth while rearranging the layout of big blocks of municipal buildings to bring down the cost of maintaining the establishment, while in several other cases a comprehensive survey of office accommodation in different buildings available, in relation to the aggregate staff requirements, has led to a reorganisation successfully to avoid a scheme for new buildings which had hitherto been thought to be inevitable.

61. In every large city there is such scope for the preparation of cost accounts that electrical devices for dissecting and tabulating outgoings may be installed with the certainty that they will yield manifold advantages. These result in reducing clerical costs, and in throwing the light of publicity upon the outlay necessary to secure the required return in public service. There are municipalities which by coding and numbering all their various jobs and operations, and similarly listing, coding and numbering their inventories of consumable stocks and stores, are able to bring to light many unexplained differences in costs on comparing services rendered, or comparing the output at one of the public works or institutions with others, *e.g.*, hospitals for various purposes. Without such a scrutiny with mechanical aid these disparities would not have come to light, but when they present themselves they provoke comment and inquiry. Sometimes this leads to a call for a revision of practice or an alteration of arrangements, and sometimes the surprisingly high cost is found to be justified by conditions over which no immediate control is attainable, but for which comprehensive action may have to be taken and the solution found in directions which did not previously seem to have any bearing upon the matter.

62. It is probably in the direction of mechanical costing devices that we shall see the greatest movement in the municipal accounting world during the next decade, and if present expectations are fulfilled it may confidently be anticipated that plans of this

kind will to a large extent displace a great deal of internal audit work, some of which proves on test to be more or less mechanical, and not to reach the seat of the trouble responsible in part for waste of public money.

(*f*) STORES ACCOUNTS.

63. It is not necessary to deal at any length with this comparatively subsidiary section of our subject. It has been pointed out that adequate records of the receipt, storage and disposal of consumable stocks and stores should be kept, even though, where the main accounts are kept on a cash basis, the goods as purchased may have been charged up against the vote in the budget, or against the appropriate sanction for expenditure on capital account, or otherwise debited forthwith.

64. It should not be long before the stocks and stores accounts of all the larger local authorities are kept not in books of any kind, but upon cards in which the coded facts are punched for treatment by machines tabulating through electrical contact, and giving extensive analysis and dissection. It has often been found that the expense of keeping accounts for hundreds of thousands of items a year, recorded in the books dealing with the handling of stocks and stores, was a waste of money. Tests have been applied showing the leakage in certain classes of consumable stores selected quite at random, where the keeping of the detailed accounts of those stores by clerical staff has been discontinued. Frequently it has proved to be much less over a course of years than the cost of the staff keeping the detailed accounts would have been. The safest and cheapest course is to put all consumable stocks and stores under check by applying mechanical devices rather than books of account, for there is no limit to the detailed classification with which codes and numbers for stores can deal. Articles like nails or screws, which are most liable to loss in circulation, and are frequently (because they are so small and numerous) not brought within the system of detailed recording by clerical staff, can easily be included in the stores check by using mechanical arrangements for costing, and recorded by code numbers representing every different type of screw or nail. By this means losses may be traced, not simply under the head of screws or nails, but under each heading for the kind or type of nail or screw in which the loss has occurred.

65. All this may appear somewhat elementary to the accountant accustomed to handling these multitudinous small matters in a big commercial business, but local authorities are rather slower, as a rule, to respond to the call for accounting services of this nature than private commercial enterprises may be. Public servants, even of the humble type employed as clerks on routine work, are not easily put out of public employment on the installation of mechanical devices procured for that very purpose. Moreover, public management is not always in the hands of councilmen accustomed to executive work in great concerns, and they may be difficult to convince of the advisability of installing mechanical accounting arrangements for dealing with matters like stocks and stores accounts, where the prime cost of the fitment is very likely as much as the remuneration of a clerk for several years ahead. However, some local authorities are already well ahead as pioneers, and increasing pressure for economy in the cost of government will bear down upon all local administrators in a way which makes them more and more desirous of dealing with expanding services, not by increased taxation, but by making the dollar go further than it now does. To this end, systems of close control of the issue and use of consumable stocks and stores, coupled with effective cost accounts, both forthcoming from mechanical accounting devices, may helpfully lead.

(*g*) PUBLIC UTILITIES ACCOUNTS.

66. These undertakings, when in the hands of public bodies, require at least as good an accounting service as that rendered to a board of management of a public utility working for a commercial profit for the stockholders. The principles and practice observed by a progressive local authority are just the same, from the financial and accounting standpoint, as those of the privately managed concern, but there are some features of these public accounts to which it may be well to refer.

67. Firstly, as publicly owned and operated utilities have generally to provide, out of current charges for supplies to customers, for the gradual redemption of the money borrowed for the acquisition of the undertaking, the provision so made can be (and usually is) regarded, as far as it goes, as equivalent to a depreciation allowance charged against profits by private management of utilities. It may be the case, however, that the annual charge so debited against revenue for redemption of capital is not equivalent to the wastage taking place in these assets through wear and tear, obsolescence, or other influences depressing the valuation of the assets. Either the annual debit for the redemption of debt should be scientifically computed according to the best estimate of the economical life of the assets, in which case it is true depreciation (as closely as such a factor in the equation can be computed), or if there is no relationship between the redemption of debt and the wastage in asset values, then such a charge against revenue should be made, in addition to provision for debt redemption, as will bring the total charges against revenue up to the proper sum. Only when in one form or another the measured wastage in the value of the assets has been taken into account and charged against the income of the business can the working results be regarded as satisfactorily brought out according to the standards we, as accountants, ought to apply.

68. Moreover, even when wastage in the value of the capital assets has been reckoned as closely as these things can be, according to experience, there is still the same need for caution in the utilisation of profits of public management, as there is in private hands. This call for prudence may in fact be even greater in the case of a publicly owned utility, seeing that any serious miscalculation involving a considerable loss when the wastage has to be repaired may

involve the utility in a subsidy from the taxpayer, whereas the stockholder in a public utility in similar circumstances would just go short of dividend. Hence, every public utility is encouraged by competent accountants to establish and maintain a reserve fund in addition to any provision it makes for redemption of debt, or for depreciation, or for both purposes. Such reserve funds under British conditions are generally permissible up to an ultimate aggregation of 10 per cent. of the capital expenditure, coupled with a limit sometimes of 1 per cent., as the annual contribution to those funds out of the revenues of the concern.

69. The treatment of surplus revenues of public utilities differs throughout the world. Some countries regard these undertakings as a means for the levy of indirect taxation, obtained by charging a price for supplies which leaves profits available for devotion to the reduction of direct taxation or other forms of public levy. In other areas, the ruling principle is that of public service at cost price, so that the profits of one year are conserved in the undertaking, and as far as they will go are in effect applied in reduction of the charges to consumers in future.

70. The importance of maintaining the greatest possible measure of stability in the charges for supplies from public utility undertakings is being more and more recognised, as rises and falls in these expenditures have an unsettling effect upon trade and industry dependent upon those undertakings for motive power derived from gas, electricity or water. In maintaining this stability, the use of reserve funds, already mentioned, should not be overlooked.

71. It ought perhaps to be added that some public utilities cannot in any circumstances be expected to make a profit, and, in fact, on some occasions may deliberately have to be carried on at a loss in the interests of the public. An example of this kind of utility may be found in a water supply which if constructed on an immense scale providing for the growth in demand for several decades forward may in the early stages of use, and for some years to come, require more annual revenue to defray current expenses than a moderate water rate would yield.

72. In such circumstances it might be deemed by the local government to be in the public interest for the charge for water to be fixed at a price which did not cover the present cost, and therefore the general taxpayer might have to subsidise the concern. There are instances where it would not be wise to charge upon the consumer the economic price of the water, lest the user should consume so little as to endanger public health. In those cases, a charge which under the circumstances is deemed to be a reasonable maximum is made, and the balance of the cost of furnishing the supply is borne by the general taxpayer. It should not be assumed, however, that in every case where a public utility is not making a profit the undertaking is not being satisfactorily carried on. From the accounting standpoint it might be assumed that it was the function of the local authority's accountant to keep and submit to the authority such accounts as would ensure that the revenues were adequate. His duties may, in the circumstances described, be quite adequately discharged, even though the undertaking be carried on at a loss

(*h*) AUDIT.

73. It is almost universally prescribed that the accounts of public bodies, whether they own public utility undertakings or not, should be subject to audit, although there are many varieties in the system of audit thus applied. Generally speaking, it may be said that (apart from internal check, or sectional staff audit) there are two main forms of audit of public accounts, namely, (1) the official, or (2) the unofficial.

74. In the former case, the audit which is termed "official" is that which is applied by officers mostly serving their whole time in the public service, who may be, and frequently are, appointed not by the local authority whose accounts they audit, but by a superior authority such as the national government, or the heads of the State or Province, &c. An official auditor may have the power of surcharge, which consists, in British practice, of an authority vested in him to decline to sanction the expenditure out of public funds which seems to him to be outside the law, or in certain circumstances improper, and to certify for recovery of the money improperly paid away from those local governors who sanctioned the payment. There is generally a power of appeal against an auditorial decision of this kind, but it could scarcely be said that this power of surcharge of illegal or improper expenditure is a valuable feature of local government under British conditions. The nation is more inclined to deal with irregularities of this kind through the ballot box, by the displacement of the offending members of the local authority on the next election, than it is to place reliance upon the surcharge of expenditure incurred by those whom the community has appointed to serve them in the public bodies. Such surcharges are comparatively rare, are often remitted on appeal, and where finally confirmed and imposed have not, as a rule, involved any great sum of money. It would be impossible within the confines of this paper to review at any length the value which we, as accountants, would attach to a power to surcharge, which would enable us to decline to allow certain expenditure out of public moneys, and to apply the force of law, through the proper authorities, to recover from the pockets of the members of the public body responsible for these unjustifiable payments the said moneys which, as a rule, have, in fact, been paid away by the time the audit takes place.

75. Where the official audit is exercised by auditors who have proved their technical qualifications by passing appropriate accountancy examinations of a high standard, it may be that the combination of professional skill and official authority has a special value to the public. Against that view, however, must be set this consideration, namely, that the work of an official auditor, limited as it is to the audit of accounts of official bodies, is

necessarily circumscribed, and in course of time may produce a type of mind which has lost its breadth of view, and in the ultimate end contribute partly to the elimination from local governing bodies of men of affairs who will not tolerate condemnation by an official whom they would sometimes declare was not a fit person for appointment to a subordinate post in businesses with which the local councilmen were connected. In Britain great importance is attached to the maintenance of the high traditions of public service which bring to local government the voluntary participation of councilmen of eminence in the locality.

76. The "unofficial" audit is represented by two types, namely, the elected auditor, especially one who is appointed by a vote of the people, and the appointed auditor, who may be engaged by the local body just as any other client of the professional auditor would secure his services for a fee. There are many variations in this system. For instance, in Scotland the audit of local government accounts is performed by professional accountants in private practice, who are appointed by one of the senior members of the National Government responsible for the supervision of Scottish local administration. In Great Britain, too, we have the same experience as in the United States and other countries, where reliance is unfortunately placed by legislators upon the public electing their own nominee to audit the accounts of the community, apparently in the hope and expectation that his existence may act as a deterrent against wrong doing, and his investigation of the accounts result in the disclosure of those tasty morsels of public information extracted from the accounts, which may be utilised to excite into a high state of activity public indignation or ridicule.

77. Whatever may have been the expectation, however, of those responsible for the legal system of the appointment by the electorate of elective auditors in England and Wales, it may be said, without reservation, that their work cannot be regarded as that of an auditor in any real sense. As a matter of fact, even where the elective audit is by law applicable, all progressive local authorities amongst the towns in Great Britain who have elective auditors appoint professional accountants also to carry out a true audit. The local authority thus gets the benefit of the commercial experience and knowledge of these firms, and from time to time the auditors make valuable suggestions for the improvement of the accounting service, thus contributing in a worthy fashion to the good local government of the locality. If and so far, therefore, as British practice is interesting to this Convention, it may be comprehended briefly in this statement, namely, that in Scotland there is a professional audit of local government accounts by accountants in private practice appointed for these audits by the Secretary of State for Scotland; in the English counties and minor local districts the audit work is done by official auditors who are State servants, and work on circuit, auditing in each area half-yearly or yearly as the case may be; in the cities and towns the law prescribes an elective audit, but in practice professional auditors are also appointed annually by the town council for the audit of most of their accounts, the finances of certain State aided enterprises, *e.g.*, Education, which is undertaken by the town council, being audited by official auditors like all the accounts of counties.

CONCLUSION.

78. A contribution on this topic can only with difficulty be treated briefly, and even now it is probably too long. The reader may, however, be reminded that in presenting this paper it has been considered preferable to avoid any description of any particular system of keeping local government accounts. It is thought that book-keeping and accounting practices might, to most of the members of this Convention, be nothing more than exercises for which they had no use, and in an international gathering detailed systems of accounting may be quite out of place. The finest system of account keeping, with descriptions of books in use, which might serve admirably the needs of America or Great Britain, may be entirely inappropriate to a country in Europe, or a town in the East. Attention has, therefore, been directed not to book-keeping methods, but to accounting in its widest sense as a general and useful agent in the maintenance of sound local government finance.

The following Papers on Municipal and Governmental Accounting were also submitted to the Congress at the same session:—

"MUNICIPAL BUDGETS," Mr. Anthony McMillan, City Chamberlain of Glasgow, Scotland, and Mr. C. E. Rightor, Chief Accountant, Detroit Bureau of Governmental Research.

"GOVERNMENTAL ACCOUNTING," Mr. Oscar Goddard, Hawaii; Mr. H. S. Hawthorne, Society of Chartered Accountants of the Province of Quebec.

Discussion.

Mr. WILLIAM CASH, F.C.A. (London), said that he wished to make a few observations on the papers prepared by Mr. Arthur Collins and Mr. Anthony McMillan. He agreed with what Mr. Collins had stated with regard to publicity being essential in connection with the expenditure of public money. But the mass of detail presented in municipal accounts in the past was not essential, and the speaker went on to cite the details given in past municipal accounts in connection with road expenditure—for example, items regarding the costs of material used, such as gravel, granite, tar, and so on. He suggested that the costs of materials used on particular roads, for instance, might be of interest for purposes of comparison for budgetary provisions, for the information of committees concerned, although such information would probably be of small use to ordinary ratepayers. With regard to municipal public utility undertakings in England, it was, both for publication and use of local authorities, important to have a clear statement on statutory lines to show costs of the commodities, repairs, renewals and appropriations to reserve; and if there were items of expenditure of a capital nature borne by Revenue. He said

that the public had frequently regarded many tramway undertakings as having been carried on at a loss, ignoring the provision of sinking fund charges for repayment of capital. An interesting item was with regard to the charge for electrical energy to the tramway departments by electrical departments. The accountant's experience was undoubtedly of value, and he was quite competent to discuss that question where, for example, such points as load factor were concerned. He was glad to see that Mr. Collins was in favour of the production by all municipalities of aggregate balance-sheets. Capital expenditure included parks—not a saleable asset—and even sewers. Some municipalities wrote down such intangible assets as the loans were repaid. In connection with a consideration of the question of analysing municipal accounts, it was desirable to divide municipal debt into two heads—revenue producing assets and non-revenue producing—and then, taking the debt outstanding under those two heads, to work out the debt outstanding per head of population; what was of greater statistical value was to test it per pound (sterling) of rateable value, and thus determine the burden in relation to capacity to pay. The speaker said that Mr. Collins had done much valuable work on these lines; and gradually a mass of information of that character was being compiled. On the question of municipal loans, from the investor's point of view, the London Stock Exchange Official Intelligence compiled information with regard to Loan Debts outstanding, under a variety of heads, such as "Public Health," "Sewerage," "Roads," and also on revenue-producing assets such as gas, water, electricity, baths, markets, and so forth. There was one case in England of a corporation owning a race course within its boundaries; which had proved a very substantial revenue-producing undertaking. Mr. Collins had drawn attention to the new Local Government Act of 1929, which would have the effect of transferring to one hand a large amount of administration which had hitherto been spread over a variety of local authorities.

Dr. MARCUS NADLER (Associate Professor of Finance, New York University, and Research Director of the Institute of International Finance) said that one of the most difficult tasks that confronted the investment banker in analysing the credit standing of a borrowing government was to obtain a correct picture of its finances. At the Institute of International Finance, where credit studies of practically all borrowing countries had been made, the question of the budget was always the most difficult and complicated. That was not due to lack of material. As a matter of fact, every Government and political sub-division published each year one or several volumes conveying information about its finances. As a general rule, however, the bulkier the documents issued the less information they contained, and the more difficult it was to obtain a correct picture of the actual situation of the finances of the Government. It seemed, indeed, as if many Governments tried to use that bulk of material as a smoke-screen to conceal rather than reveal the true status of their finances. While, in the short period allotted, it was impossible to give a comprehensive analysis of the methods used by the various governments, a few remarks would indicate the difficulties which confronted the statistician or the student who endeavoured to analyse the finances of a government. The speaker then went on to refer to various methods of Budget treatment by some of the Governments of European countries, notably Sweden, Czecho-Slovakia and Switzerland. He added that the Institute of International Finance had analysed the budgets of some twenty-four countries in Europe, South America and the Far East, and found such a variety of systems in operation, with such a divergence of practice, that it was impossible to formulate even a group classification. Accounting differences were of such a fundamental nature as to render comparison of budgetary results of one country with another of little or no practical use. He went on to cite a number of instances illustrating the variation referred to. He felt that the general outline he had given with regard to conditions existing in that matter revealed clearly the need of more uniformity in national accounting systems throughout the world. He could, however, see no hope of such a system being adopted in the very near future, and he recommended that a small committee be appointed by that Congress to study the accounting systems of the various Governments and submit a draft to the League of Nations. He felt that the Finance Committee of the League, which prepared annually a memorandum on public finance, would more than welcome the co-operation of an international group of accountants.

Mr. THOMAS KEENS (London) said he was speaking from a double point of view. In the first place, for 35 years as a practising accountant he had audited the accounts of municipalities. He was also Chairman of the Finance Committee of one of the County Councils in England. One of the speakers had said that they would never get absolutely efficient service until officials were appointed, and not elected. In England, through the growing sense of responsibility of local government authorities, a new local government service had been created. In that work the Society he represented had played a very large part by the fact that it permitted men with specified experience in municipal accountancy to reckon such service as equivalent to experience in the office of a professional accountant, in connection with candidacy for their diplomas. They had qualified a very large number of capable men who were available for the service of Municipalities and County Councils throughout England. It had also encouraged the migration of accountants from one place to another; for example, a junior accountant in the service of the council of which he (the speaker) was chairman of the Finance Committee, would qualify and pass on to a post in another city council, and in due course would attain a position as accounting officer there, or in the service of another local government body. They found in England that that system had contributed to efficiency, and had resulted in the creation of an excellent system of local government officials, and had raised their status. The services he would expect to secure from a county treasurer would be that the Finance Committee of the Council should be kept in touch with all financial matters continuously. That official would be required to call attention to increased expenditure, and the reasons therefor; that where expenditure exceeded the estimates under any head, the attention of the committee concerned should be called to such excess expenditure in the form of supplementary estimates, so that the matter might be thoroughly investigated, In regard to annual accounts, the county treasurer was expected to prepare them for the annual audit,

and to note any variation from the estimates, and make necessary comparisons; to boil down to in very small compass the annual accounts so that they might easily be appreciated. By the preparation of comparative statements of the character indicated, it became possible to consider excess expenditure with facility, and enabled the local authority to make the necessary investigation without difficulty.

Mr. P. RINTOUL (President of the Institute of Accountants and Actuaries in Glasgow) said that when they were asked to contribute a paper on Municipal Budgets, they thought that they would best promote the interests of the Congress if they submitted one prepared by an expert, and they were fortunate in having in their membership the then Chief Financial Officer of the City of Glasgow, and further fortunate in obtaining from such a busy man as Mr. McMillan the paper which the speaker submitted. They were all proud of the municipal record of the City of Glasgow, and surely the wisdom of its Town Council was shown when it appointed a fully-trained and qualified Chartered Accountant to supervise the recording of its financial transactions. The result had been a good system which contained several special features.

(1) The accounting was on the revenue and expenditure basis, and not upon the receipts and payment basis, although the latter was the usual method for national, and for county, borough and similar accounts in Scotland.

(2) Although not legally obligatory the capital expenditure in the rating departments was included in the Glasgow Annual Budget, and the raising of all loans to meet capital expenditure, whether rating or trading, was in the hands of the City Chamberlain as Chief Financial Officer.

(3) The Budget was recognised as the proper machinery for controlling expenditure, and accordingly was carefully prepared, as explained in the paper, and subjected to scrutiny and criticism by the various committees. It was also examined by the General Finance Committee, along with Conveners of Committees and heads of departments, and finally submitted to the Town Council, together with the recommendations of the General Finance Committee as to the rates which should be imposed.

(4) No new work involving an expenditure of money chargeable upon any rate might be made, unless provided for in the Budget, until the expenditure had been reported by the General Finance Committee to the Town Council and the consent of the latter body has been obtained.

(5) The responsible officials in each department were instructed to abide closely by the figures recommended in the estimates, and each Departmental Committee was informed quarterly through the General Finance Committee how the actual expenditure compared with those estimates. Any material divergence from the estimates had to be explained.

It was because he believed they had in Glasgow an excellent budgeting system which would commend itself to that Congress that he felt proud to submit to delegates Mr. McMillan's paper.

Mr. ARTHUR COLLINS said that, as it was rather a dull subject, he proposed to treat his address rather more lightly than one usually did so technical a matter. He felt they would be in sympathy with the body of prisoners in a British gaol corresponding to Sing Sing, who, after having heard a concert by a local Welsh choir, protested to the Governor that it was "not part of their sentence"! They had not been warned in their programme that there would be any extensive replies to the speakers in the debate, and he felt that it would be inflicting rather too much upon them to attempt any thing in the nature of a full reply to the discussion that had taken place. He thought, the leading note that might be struck in the few minutes he would devote to the task was that there were certain marked contrasts between the systems of business in private, industrial and commercial corporations, and those of municipal bodies. They could not set out on the task of dealing with the accounts of municipal, county or State budgets as they would set out on an investigation of an organisation or reorganisation of a commercial undertaking. In the first instance, they were dealing with a body that wanted the auditor's advice—although they did not call for it. The very object of calling in the auditor (in the case of a local political controversy) might be to shelve the matter indefinitely, whereas they were never called in by a commercial undertaking without the object being to make use of the advice given. The essence of commercial accounting and budgeting was elasticity. The essence of municipal accounting and budgeting was rigidity. If elasticity were permitted in the work of a municipality, after the budget had been prepared for the purpose, then the budget was knocked sideways; were elasticity permitted, it would become impossible to prepare estimates upon which rates could be levied. In America local levies were termed taxes. In Great Britain taxes were only levied by the State, and that had to be borne in mind. If municipal business were to recognise such elasticity as was practised in commercial undertakings, they could not control their outgoings, and ratepayers would be subjected to violent fluctuations in rate levies. In his experience there was too much individual departmentalism in local government in all parts of the world. In America he thought they were doing a wonderful work by cutting out that excessive departmentalism by the City Manager principle. That was purely from the accountant's standpoint—not the political aspect of the matter. Departmentalism was a very great trouble. Mr. Cash, said the speaker, had called attention to the publicity that was essential in municipal accounting. It was the very life of a municipal

accounting service that it should disclose to the public things which, in a private organisation, would never be disclosed. In municipal undertakings you disclose fullest details of profits realised and reserves. They would never do that in connection with, say, a private corporation selling electric power. He could not refrain from expressing his gratification to Mr. Cash for his personal references. They had been associated in public life for a good many years, and he would certainly like to thank him With regard to budget standardisation, which Professor Nadler had raised, that was a subject that had attracted a great deal of attention in every part of the world, not only in connection with national, but also in connection with local government. He thought there was still room for greater uniformity in budgeting statements, and accounting systems of municipalities in all parts of the world.

Mr. McInnes had rightly observed that their leading cities, and especially New York, which he knew best, had accounting systems of which they were proud. Experts in charge of municipal accounts had always to remember one feature, which he could not help thinking the general body of accountants did not always realise—that was that many of their financial statements had to be prepared for examination by laymen—not by qualified executive heads of big departments, or even investors. He would like to say (with some little knowledge of American conditions) that he thought a good many of the American public had the idea that the government of certain towns was not what it ought to be, therefore the technical work of the local governments, including their accounting and finances, was in an undesirable condition. He would say that the previous year he had visited a number of local authorities, and although he would mention no names he had in several instances found that cities which might otherwise have given rise to the idea to which he referred had most excellent systems of accounting in operation, and displayed remarkable efficiency in their methods, including the use of the most modern mechanical devices and systems of accountancy. There was one subject to which he might refer also — namely the elective principle as applied to auditing of accounts. In England practically every auditor was appointed, not elected. In the very brief time at his disposal, it had been impossible to cover anything like the whole of the questions raised in debate, but he had merely referred to the outstanding points that were raised. He would have liked more time to devote to the subject; and they would forgive him if he had overlooked any matters of importance in his reply in the circumstances. He would like to take the opportunity of saying that he and his colleagues had enjoyed the Congress, which would be a lasting memory to them.

Manchester & District Society of Incorporated Accountants.

Annual Dinner.

THE 43rd annual dinner of the Manchester and District Society of Incorporated Accountants was held on October 21st, at the Midland Hotel, Manchester, Mr. JAMES A. HULME, F.S.A.A. (President), in the chair. Among a large number of members and distinguished guests were: The Rt. Hon. the Lord Mayor of Manchester (Councillor Lt.-Col. George Westcott, J.P., O.B.E.), Deputy Mayor of Salford (Alderman A. Williamson, J.P.), His Honour Judge T. B. Leigh (Judge of the County Court), Mr. Thomas Keens, F.S.A.A. (President, Parent Society), Mr. J. R. W. Alexander, M.A., LL.B., Barrister-at-Law (Parliamentary Secretary, Parent Society), Mr. G. W. Daniels, M.A., M.Com. (Dean of Faculty of Commerce), Mr. E. Raymond Streat (Secretary, Manchester Chamber of Commerce), Mr. Joseph Turner, F.S.A.A. (Vice-President, Manchester and District Society of Incorporated Accountants), Mr. A. N. Winder (Chairman, Manchester Stock Exchange), Mr. Charles M. Dolby, F.S.A.A. (President, Liverpool Society of Incorporated Accountants), Mr. N. J. Laski, Barrister-at-Law, Mr. Henry L. Marsden, B.Com. (Principal, Municipal High School of Commerce), Mr. J. Lustgarten, Barrister-at-Law, Mr. William Lingard, F.A.I. (Chairman, Manchester and District Branch, Auctioneers' and Estate Agents' Institute of the U.K.), Mr. E. G. D. Liveing (North Regional Director, B.B.C.), Mr. Harold Roberts (Registrar of the Palatine Court), Mr. H. H. Tomson (Town Clerk of Salford), Mr. K. H. Atkinson (President, Manchester Law Society), Mr. John E. Bray, F.I.M.T.A., F.S.S. (City Treasurer of Manchester), Mr. W. T. Bell, F.C.A. (President, Manchester Society of Chartered Accountants), Mr. E. W. C. Whittaker, J.P., F.S.A.A. (Member of Council; President, South of England District Society of Incorporated Accountants), Mr. Percy Toothill, F.S.A.A. (Member of Council; President, Sheffield and District Society of Incorporated Accountants), Mr. H. A. Horsfield, F.S.A.A. (President, Bradford and District Incorporated Accountants' Society), Mr. J. Paterson Brodie, F.S.A.A. (Hon. Secretary, North Staffs Society of Incorporated Accountants), Mr. H. Reynolds, F.S.A.A. (Hon. Secretary, Bradford and District Incorporated Accountants' Society), Mr. J. W. Richardson, A.S.A.A. (Hon. Secretary, Sheffield and District Society of Incorporated Accountants), Mr. Fred Hargreaves, F.S.A.A. (Past President, Manchester and District Society of Incorporated Accountants), and Mr. A. E. Piggott, F.S.A.A. (Hon. Secretary, Manchester and District Society of Incorporated Accountants)

The CHAIRMAN (Mr. James A. Hulme, F.S.A.A.), in proposing the toast of "The Cities of Manchester and Salford," said the reason why such a toast occupied so important a position was that Manchester had been described as the centre of gravity of the largest industrial area outside London, whilst Salford, in addition to being an important centre for the cotton, engineering, rubber, and paper-making industries, was the "gateway to South-East Lancashire."

The LORD MAYOR OF MANCHESTER (Councillor Lt.-Col. George Westcott, J.P., O.B.E.) in responding said he remembered long ago consulting Mr. Hulme on the matter of his liability for income tax, and the advice he received saved him a good deal. (Laughter.) It was important

for every business man to get an accountant's advice on such matters as these, as well as other matters.

ALDERMAN A. WILLIAMSON, J.P., also responded and appealed to business men to take a keener interest in local government.

HIS HONOUR JUDGE LEIGH (Manchester County Court) proposed the toast of "The Society of Incorporated Accountants and Auditors—its Branches and District Societies." Those present at that dinner who were not Incorporated Accountants were, he said, present because they recognised the profound importance of the profession of accountancy. He for one was sorry that the importance of the profession was not recognised by the electorate. Whatever may have been the case in former Parliaments, the electorate at the last General Election said, with the solitary exception of Mr. Adam Maitland, A.S.A.A., "We will not have accountants in Parliament." He wondered why that was. Public finance required the utmost professional scrutiny. Now could it be said that the national accounts were plain and easy for the plain man to understand? Perhaps the time spent in Parliament in unravelling these mysteries was regarded by the electorate as time mis-spent. Or, perhaps the electorate as a whole was not yet sufficiently educated to understand what were the needs of scrutiny and what were the uses of professional accountants as scrutineers. One hoped that in some future age the electorate would be better educated. He would like to say how much he appreciated the work of the profession. Accountancy was one of the younger professions, but it had already shown a sense of honour and built up a tradition of what was high and good which rivalled the sense of honour and tradition of which the older professions were so proud. It educated and examined its members. It made them pass through a very strenuous period of apprenticeship before allowing them to practice. He hoped these things would be recognised more and more, and that business men would think of the accountant as the Chinaman thought of his doctor—that was to say, not as a person to be called in when he was in extremis to prepare a statement for his creditors, but as someone whose job it was to keep him in financial health. It seemed to him that the more accountants were called in to render that kind of service, the better it would be for the business community. We would see less often the miserable spectacle of a business man who, perhaps through no fault of his own, was in a hopeless position, struggling on in a state of insolvency which became worse and worse until the unfortunate tribunal which was called upon to deal with his application for discharge at a later stage had to consider why he went on spending his creditors' money when he had no hope of ever repaying it. He begged to couple with the toast the name of their President, Mr. Thomas Keens. For three years Mr. Keens had occupied that position. He was always doing good work for the Society, but they very seldom heard much about his work until it was done. Then they realised how important and valuable it was.

MR. THOMAS KEENS, the President of the Society of Incorporated Accountants and Auditors, in acknowledging the toast, said it was a very great pleasure to him to come to Manchester and to visit the oldest and one of the most vigorous of their District Societies. He desired to thank His Honour Judge Leigh for the felicitous terms in which he had proposed the toast. Coming from an occupant of the Bench, and one who was a member of that great profession, the Bar—a profession which had such magnificent traditions—they very highly appreciated being told that Incorporated Accountants were following in the footsteps of the legal fraternity. Since his last visit to Manchester they had had a very strenuous time, and there had been marked progress in the affairs of the Society. In purchasing Astor House they had acquired as the permanent home of the Society one of the most remarkable buildings in London. The property had been purchased, adapted and beautifully restored from the funds of the Society and the money has been willingly subscribed by Incorporated Accountants. The Hall was absolutely unencumbered and it occupied a position on the Victoria Embankment which could never be overlooked. It had a remarkable effect in making the Society and the profession of accountancy more generally known. Every week visits were paid by associations who were interested in the great buildings of London, and he found both in Canada and the United States of America that the preservation of the building —with its American associations—had done a great deal to stimulate interest in the Society. They had launched during the year the Branches and District Societies scheme, which provided for the reorganisation and extension of their activities. There was still much to do, and he wanted to acknowledge in the fullest possible manner the loyal support which was given to the Council and himself in working out the scheme and carrying it into effect. Those who were members of the profession would know that in the Chester Corporation Bill the model Audit Clause (restricting the municipal audit to Chartered or Incorporated Accountants) was adhered to in spite of substantial opposition, and this form of clause now appeared in 72 or more Corporation Acts. An important effect of these proceedings before the Local Legislation Committee was the statement of Sir Thomas Robinson, the Chairman of the Committee, that the profession should set its house in order by promoting a Bill for the registration of accountants. The Council had previously reaffirmed its belief that registration was desirable, and events had moved extremely rapidly since. A great deal of work had been done by the Council and the officers of the Society, but until an official announcement was made it would be improper for him to say anything further, except to observe that they might soon expect to hear something extremely important and definite on the subject. Speaking of his visit to America to attend the International Congress on Accounting, Mr. Keens said that these Congresses were bound to play an important part in the profession hereafter. The *Incorporated Accountants' Journal* and the *Accountant* were giving full particulars of the main papers and of the discussions that took place. Perusal of these would indicate the importance of the papers and the debates, and of their representatives' share in the proceedings. Much interest was taken in the Congress, the papers were extremely informative and the debates were eagerly followed by large gatherings. He could claim that the Chartered Accountants and Incorporated Accountants present worthily maintained the position of the British Isles as the home of the accountancy profession. Their team was excellent and he never wanted better colleagues. The work of Mr. Garrett in America was excellent, whilst Mr. Alexander rendered substantial service in this country. In conclusion, the President said that whatever work he had been able to do for the Society had been made possible by the loyal support and assistance of the Council and Officers, and the hearty co-operation of the District Societies, in which connection he desired most honourably to mention the Manchester District Society. Although he laid down his office next month, he trusted it would be possible for him, through the District Societies Com-

mittee, to keep in touch with the Branches and District Societies in the years to come, and he would do his best to assist in extending the influence of the Society to which they were all deeply attached and justly proud to belong.

Mr. J. R. W. ALEXANDER, M.A., LL.B., Barrister-at-Law (Parliamentary Secretary to the Society of Incorporated Accountants and Auditors), proposed the toast of "Education and Industry." It was quite apparent, he said, that education was playing an increasingly important part in industry. The problem was how those engaged in industry were to be trained after their elementary education had been completed. Mr. Stanley Baldwin and the Lord Chief Justice (Lord Hewart) would probably say that a classical or cultural education was the right one for all, although even they would not wish to go so far as Plato's philosophers, who were to be wholly engaged in absorbing knowledge until they were thirty-five. On the other hand, those schools and universities which had taken the lead in technical education would plead that the continuation education of those who were to be engaged in industry should be technical. Indeed, the Parliamentary Secretary to the Ministry of Education in Northern Ireland had suggested that the proposed raising of the school-leaving age to fifteen was unwise, and had submitted that an alternative policy would be to develop the technical schools and universities and offer a suitable continuation education to all who had the desire and the ability to profit by it. For himself, he believed that to be the sounder policy, remembering that technical education benefited not only the worker, but the industry in which he was engaged. At Oxford, and to a greater extent at Cambridge, an increasing number of men and women took advantage of the splendid technical courses which were available, while other universities throughout the country had long specialised in this form of instruction. In the profession of accountancy they were fortunate inasmuch as, although their education was technical, there were subjects in their curriculum, such as economics and law, which were of a cultural character, and thus they were able to combine the cultural with the technical. The profession, however, had no School of Accountancy of its own, nor had it endowed a Chair of Accountancy at a University or founded Scholarships. This was a regrettable state of affairs, and although the education of their students was well catered for by such institutions as the twenty-five-year-old Faculty of Commerce in the University of Manchester, the fact remained that the profession, while setting a very high examination standard, had left the educational work to others, except for the work of the Branches and District Societies in arranging lectures, discussions and classes. It might well be, with the registration of accountants, and the consequent cessation of internal strife, that the profession would be able to devote its energy and income to the objects he had indicated. Turning to that part of the toast which concerned Industry, Mr. Alexander referred to the efforts which were being made to reorganise the cotton industry, "There is not a responsible person in the country," he said, "who has lightly regarded the misfortunes to which the cotton industry has been subject during the past few years; and it was brought home even to the unthinking by the crisis which was narrowly averted during the summer months. The figures show the enormous inroads which your Indian, Japanese and Italian competitors have made into your export trade in textiles. You still lead in quality, but price is the predominating factor. On price you are outclassed by reason of the foreigner producing a few qualities and styles, instead of many, and marketing them in large quantities. You are now being told that the particular remedy for this is the rationalisation of the cotton industry, rationalisation being our old and somewhat discredited friend, trustification or fusion, in more respectable and slightly different attire. "Rationalisation is the surgeon's knife of industry, and the operation should not be performed except by the highly skilled, after correct diagnosis and mature consideration, and only in cases of dire necessity. The question is, therefore, whether the cotton industry is one to which rationalisation should be applied. The fact that it is operating in the chemical industry and appears to be in process of application in the iron and steel trade does not mean that rationalisation is the solution to the difficulties of the cotton industry. *Prima facie*, it would seem that an industry which has always made a feature of meeting a customer's exact requirement would be contributing to its extinction if it subscribed to the principle of bringing about low prices by making the customer buy from the limited number of qualities and styles which, under rationalisation, the trade would have to offer. A more courageous and beneficial policy to pursue might be that of Empire Free Trade, which is more in accord with our traditional individualistic methods of manufacture and is not fraught with such grave disadvantages from the home consumers' point of view."

PROFESSOR G. W. DANIELS (Dean of the Faculty of Commerce in the University of Manchester), in responding to the toast, said that at the outset he would like to pay a tribute to the work which Mr. Piggott, as Secretary of the Manchester District Society, was constantly doing on behalf of the Society. The education for which societies like the Society of Incorporated Accountants were responsible—the education insisted upon by the great business professions—did not receive sufficient recognition. No one could look at the syllabuses of these various professions without seeing that they were in a very real sense playing an enormous part in the education of the country. And, incidentally, it seemed to him that the education of Incorporated Accountants did not by any means cease when they had passed their examinations. The *Incorporated Accountants' Journal*, it seemed to him, was an educational publication of great value. Some of its articles carried him out of his depth, and those who read them must be carrying their education far into the future. Mr. Alexander had mentioned that in Manchester University they had a Faculty of Commerce, which, he supposed, linked the University most closely with the business professions. During the last twenty-five years they had turned out something like 400 graduates, who had entered various business and academic professions, teaching, and the Civil Service. He often thought that there were erroneous notions of what they tried to do in a University. The success of the Faculty depended upon their ability to heighten the general level of education and ability throughout the country and throughout the world. He did not think that a University could set up as an institution which could in any large measure, or with any definite purpose, train successful business men—that was to say, successful business men in the sense of men who could make balance-sheets look as favourable as they would always like them to be. All they could do was to turn out men who had the intellectual discipline which enabled them to take large views of large questions, men who were able to look at the business world and see forces operating in it, the effects of which were often very distant and very obscure. He thought it was necessary to realise, particularly as regarded our large industries, that we had definitely reached the stage of a world economy. We had reached the point when we must think of industry, even the Lancashire cotton industry,

as something not peculiar to England and not peculiar to Lancashire. We had to think of the cotton industry to-day as part of a great world industry. What was taking place in the cotton industry as he saw it was an attempt on the part of the industry to adapt itself to the new set of conditions, and the task was not easy. Here they would see the need for men who could take a large view of business problems. The aim of the Faculty was to turn out men of large capacity. At the Manchester University they appreciated very highly the number of accountants who were enrolling as students. This did show that accountants were realising that it was advantageous to them to have a supplement to their business education, so that they might cultivate the large view. He was convinced that accountants had a larger part to play in the world of the future than that which they had played in the past.

Mr. E. RAYMOND STREAT (Secretary, Manchester Chamber of Commerce) also responded, and said that industrialists seemed to have generally adopted the practice of filling posts on their technical staffs with men who had received adequate training, and it was not on the technical side that British industries were in any way lacking. But he would be a bold man who would say that on the commercial side the situation was equally satisfactory. It was in the remodelling of our commercial organisations to meet the new circumstances of the time that all our problems were to be found. He would define rationalisation as making an industry truly rational in the circumstances in which it was placed. And it should be remembered that there was more than one form and method of rationalisation, and that the method adopted in one industry was not necessarily the one to be adopted in another. It was for an industry to find the best form and method to adopt.

Mr. JOSEPH TURNER, F.S.A.A. (Vice-President, Manchester and District Society of Incorporated Accountants), proposed the toast of "Our Guests," which was responded to by Mr. A. N. WINDER (Chairman, Manchester Stock Exchange) and Mr. CHARLES MENLOVE DOLBY, F.S.A.A. (President, Liverpool Society of Incorporated Accountants).

Professional Appointments.

Mr. C. H. Pollard, Incorporated Accountant, formerly Deputy City Treasurer of Hull, has now been appointed City Treasurer of Hull.

Mr. A. Thatcher, Incorporated Accountant, Deputy Borough Treasurer of Smethwick, has been appointed Borough Treasurer and Accountant of Stockport as from November 1st, 1929.

Mr. G. R. Lawson, F.S.A.A., has been elected Deputy Chairman of the Bradford Chamber of Commerce, and Mr. Joseph Rhodes, F.S.A.A., has taken the place of the late Mr. William Claridge, M.A., J.P., F.S.A.A., on the Committee. Mr. E. B. Rawlinson, A.S.A.A., Mr. H. Reynolds, F.S.A.A., and Mr. Joseph Smith, F.S.A.A., already serve on the Committee of the Chamber.

Development of Professional Accounting in Continental Europe.

A PAPER contributed at the International Congress on Accounting, New York, by

MR. E. VAN DIEN,
AMSTERDAM, HOLLAND.
(Honorary Incorporated Accountant.)

In his "History of Accounting and Accountants"—a work which cannot be too highly praised—Mr. Richard Brown, C.A., tells us the origin of the science of accounting, a science which must have been preceded by the making up of accounts.

The first question which now arises is: "What is meant by professional accounting?" Strictly speaking the answer must be that professional accounting is the professional carrying on of accounting as opposed to accounting for one's own benefit, or occasionally as an act of friendship towards a third party.

Yet this answer must be put aside as too simple; the word "professional" in conjunction with "accounting" or "accountant" has a more limited signification. It signifies the exercise of the profession not only as a means of existence, but, moreover, independently (in so far as a human being can be called independent), and thus, and this is the chief point, not in permanent and complete service of another.

The sphere of work of the professional accountant has been extended, especially in the years since the war. Owing to the controlling nature of his work he comes in close contact with business of all sorts, becomes acquainted with all sorts of details which occur in those businesses, and is repeatedly the confidant of the managing directors.

It goes without saying that his opinion is also asked about subjects which are not directly concerned with his controlling work; owing to his knowledge of the course of various enterprises he is, as it were, the man to give advice on matters of organisation, management, and financing of the businesses, and so his former task of controller is extended to that of commercial economic adviser.

But in my opinion this is not the principal function of the professional accountant. His most important work is the controlling of accounts, the bringing out of reports about the annual balance-sheet, and the determining of business results. Whereas the advice of the accountant as business-economist is open to discussion and dispute, his advice as controller of accounts must be unassailable. His power must lie in this unassailability, and every just doubt cast on the correctness of his statements as controller makes his work of no value.

From this it follows that the professional accountant can only exist if he exercises his profession independently. His advice may not be influenced by the will of anyone placed above him, neither may his advice endanger his economic position.

One of the consequences of this is that the execution of the calling of the professional accountant may not be carried out by a limited liability company or by incorporated companies. In my opinion Sir Albert W. Wyon has rightly said, in his paper on the organisation of large accountants' offices in connection with the accountants' responsibilities (Amsterdam, 1926), that the incorporated company "is quite unfitted for professional practice in which the personal qualifications of those engaged in it are of pre-eminent importance."

In the review which follows, professional accounting will be considered in the limited signification already given, and by "professional accountant" will be meant the controller of accounts, balance-sheets and business results who does this work independently and in the style of Chartered and Incorporated Accountants in Great Britain, and of the C.P.A. in the United States of America.

AUSTRIA.

Although the profession in Austria is not regulated by law, circumstances twenty years ago led to the formation of a body of accountants, which numbers about 800 members.

The first attempt at co-operation made by accountants was in 1905, when the "Gremium der Buchsachverständigen" was founded by 24 members, all of whom had been sworn by the Court of Justice. An attempt was made to further the study of the profession and to form experts by classes at the Export Academy which there existed. Those whose studies were successful could become extraordinary members of the Gremium. In 1913 a new association, the "Reichsverband der Bücherrevisoren" was founded, which was absorbed in the Gremium in 1920. Soon after this, the sworn book-keeping experts formed a new Gremium of sworn accountants, while in the same year the "Korporation der Revisoren declared competent by the Industrial Authorities" was founded.

Further, the book-keeping experts sworn by the management of the Lands Finances combined to form a "Kollegium." In recent years this series of associations has been enlarged by: one of the book-keeping experts of Social Democratic industrial enterprises; one of tax advisers who have left the service of the Government, a body of scientific tax advisers, the labour community of book-keeping experts, the Association of Austrian Accountants, and the independent accountants.

As far back as 1919 an attempt was made to bring about a regulation by law, but an investigation in the Vienna Chamber of Commerce led to nothing. An attempt was also made by the Gremium to found an association of book-keeping experts sworn by the Chamber of Commerce, based on the German example, but this miscarried, too, owing to opposition from the "Korporation." The latter made a counter proposal which seemed unacceptable to the Gremium. At last it was found possible, under guidance of the Austrian Chamber of Commerce, Trade and Industry, to find a proposal acceptable to both parties, which was presented in 1925 to the Secretary of Commerce. The Government would not adopt this Bill, and drafted a new Bill "Konsultoren gesetz," the severe stipulations of which did not satisfy either group, and which was withdrawn by the Government.

Finally, all the associations combined to form a bond which came into existence in 1927, and the statutes of which obtained the sanction of the authorities on January 10th, 1928.

It was thus possible for the associations to exist independently, but the bond, founded under legal instructions, can now strive for a so-called "licensed" regulation of the profession. The chances of success seem to be favourable.

The first meeting of the bond was held on January 26th, 1928; there are 780 members. The first President was Kommerzialrat Prof. Eugen Schigut, from whose article in No. 3 of the Year-book 1928 of the "Archiv für das Revisions und Treuhandswesen" I have borrowed the above particulars.

The General Commercial Law contains stipulations as to the investigation of the balance-sheets of limited liability companies. Ministerial orders contain elaborations as to that investigation and the appointment of accountants.

Every Chamber of Commerce must keep a list of persons who, in the opinion of the Chamber, are fit to act as accountants. Hofrat A. Schmid says in "Die Bücher und Bilanz-revision" (Leipzig und Weenen, 1922):

> In the case of limited liability companies the investigation of the balance-sheet is generally entrusted to directors or two accountants appointed by the general meeting. In most cases the accounting is restricted to comparing the balance-sheet and the profit account with the accounts in the ledger pertinent to same. The balance-sheet is not always compared with the inventory, neither is the profit account controlled; still less are items booked compared with the vouchers. The accounting leaves much to be desired; state supervision is generally without any expert knowledge. Large concerns, especially banks, have their own verifying offices, whose instructions are becoming better and better, after experience has shown it to be necessary.

For checking the balance-sheets of corporations there are very far reaching legal stipulations in the law of June 10th, 1903.

At the University of World Trade in Vienna is a one year's course for the training of accountants. The training is not in the hands of the associations themselves. In connection with the difficulties in Austria about 1924, the "Bankcommission" drew up a memorial concerning the regular control of the banks, after the example of the English Chartered Accountants.

In working this idea out, the "Commission" had, however, something else in view than a body of

accountants, consisting, as it does in England, of members of the Chartered Institute and of the Incorporated Society.

The "Commission" had in their mind's eye a "Revisions Institute" with a Board consisting of representatives of the banks and of the accountants. Although all kinds of proposals are made to guarantee the independence of the accountants (by fixing their salaries at a high level), the system is, after all, so in conflict with the fundamental idea of the English colleagues that it is difficult to speak of an imitation of the classic accountants' concerns. It makes one rather think of an improvement on the Treuhand concerns already existing in Germany. The mere fact that there is a proposal to place the word "accountant" in brackets after the name of the enterprise does not make of those who practise the profession the independent public accountants who in England have raised the profession to such a high level.

In compiling the particulars about Austria I have also made use of the information kindly given to me by Prof. Julius Ziegler, of Vienna, who in his pamphlets "Banken-aufsicht und Buchsachverständigen" (Vienna, 1924) and "Konsultoren und Buchsachverständigen" (Vienna, 1927), gives very elaborate information about the status of the profession in Austria and other countries. Limited space unfortunately makes it impossible to include everything.

BELGIUM.

In his "Revisions- und Treuhandwesen" (Vol. 10 of "Grundriss der Betriebswirtschaftslehre") Professor Sillèn says:

Since 1831, book-keeping experts with the title of "Experts-comptables" are entrusted by the law courts with the investigation of merchants' books, in law suits.

It was only in 1903 that the first accountants' association with the title of "Chambre Syndicale des Experts Comptables" was founded. Later on this name was changed into "Chambre Syndicale Belge de Comptables." On the French model this association has held examinations enabling the members to be appointed as "comptables" or as "Experts Comptables."

Lately, with the co-operation of other associations, the examination for book-keeping experts has been uniformly regulated.

There are now three examinations—just as in France*—which are held by a "Jury Central de Comptabilité de Belgique" under the patronage of the King. There is also a very difficult examination "Professoral Comptable" for masters at Higher Grade Schools.

For the rest the conditions in Belgium are somewhat the same as those in France. The profession of accountant is not yet looked up to, and often foreign (among other nationalities, Dutch) experts are charged with the auditing. Since 1921 there has been a "Treuhand Association" (Société Fiduciaire de Belgique).

I may add that a regulation by law is being prepared in Belgium in the spirit of what already exists in France. The supervision is to be exercised by a committee of five persons, two of whom are experts-comptables, as I am informed.

CZECHO-SLOVAKIA.

In this young Republic there are at present three accountants' associations, viz, Gremium ucetnich a Bilancnich Znalcu in Pragal; Syndikat Ucetnich Znalcu a Oybornyck Revidentu Ceszoslovenskré Republiky, and Verband der deutschen Buchsachverständigen und Bücherrevisoren in der Czecho-Slovakia Republik mit dem Sitze in Aussig. There are no legal regulations.

The three associations mentioned have now jointly drafted a Bill, and have advocated its introduction by the Government.

They are supported in this by the co-operation of the Central Bond of the Czecho-Slovakia Industrialists, and that of the Czecho-Slovakia Chambers of Commerce and Industry, which have adopted a resolution in which a regulation by law of the status of accountants—by means of regulating the training, examinations and discipline—is urged.

The purpose is that only members of the "Gremium der Buch- und Bilanz-Consulenten" may exercise the profession of accountant under the style of "official authorised accountant" (Consulent). Those who are exercising the profession at the moment that the Bill becomes law may continue to do so, but may not call themselves "officially authorised."

The "Consulent" must be a subject of Czecho-Slovakia, of irreproachable conduct, 30 years old, and must have complied with the following requirements:—

> He must have completed a course of studies at a Czecho-Slovakia Commercial University or Commercial Academy, and have had three years' practice, or he must have passed the examination of the Gremium. Moreover, he must have given the pledge required for his profession.

DENMARK.

I owe the following information to Mr. C. Jesperson, "Autoriserede Revisor," of Copenhagen.

The exercise of the profession of "Autoriserede Revisorer" is based on Law No. 117 of May, 1909, the stipulations of which follow in the translation supplied me by Mr. Jesperson.

> Sect. 1.—The Minister of Trade and Shipping is hereby authorised to grant appointment as state authorised accountant to any person (man or woman) who is a natural-born or naturalised citizen, is of age, has not been declared incapable of managing his own estate, gives satisfactory evidence of good conduct, and is recommended by the board dealt with in sect. 2 of the present Act after having passed the examination defined in the same section.

* Since that time regulation by law in France, which is mentioned in the article on France, has come into force.

For the appointment a fee of 120 kroner shall be paid to the Exchequer.

Before the appointment is surrendered to the person in question, he shall sign a formal declaration to the effect that he will with diligence and fidelity perform the tasks entrusted to him, and that in every respect he will conscientiously fulfil his duties as an accountant. The form of this declaration shall be fixed by the Ministry of Trade and Shipping. The field of activity of the persons in question shall not be confined to any special district.

A decree of December 3rd, 1913, further stipulates :

In pursuance of the provision in sect. 4 of Act No. 117, of May 14th, 1909, respecting state authorised accountants, it is hereby provided as follows : The profession of state authorised accountant shall be incompatible with any trade or profession which according to Act No. 98 of May 10th, 1912, requires the keeping of authorised books of account, and with the position of manager, director or official in such concerns.

In bringing the above to the knowledge of all and everybody it is at the same time pointed out that the Minister of Trade and Shipping may also in cases which do not come within the above general rule prohibit a state authorised accountant from carrying on a trade or profession which is deemed incompatible with the profession of accountant.

By an Order in Council of July 5th, 1919, further regulations were drawn up as to the examining of state authorised accountants, the most important of which are the following :

Sect. 1.—The examination shall consist of both a practical and a theoretical part. The latter may be dispensed with if the candidate has graduated in law or economics.

Sect. 2.—The candidate shall submit to the board of examiners four papers respecting various systems of book-keeping and accountancy works performed by him in practice, such as organisation of accounts, making an audit, framing of audit regulations, investigation of business concerns, statement and report in case of compulsory composition or the like.

Each paper must be accompanied by vouchers, &c., to such an extent as will enable the board to form an exact judgment of the exception of the work, and evidence proving that the candidate has performed the work without assistance and framed the report independently. Furthermore, the candidate's paper shall be accompanied by a special report, in which he sets out his view of the task in question and the practical considerations which may possibly have occasioned curtailment of the task. The papers may be handed in separately, but the interval must not exceed three months without the sanction of the board.

In order that the papers may be examined, it shall be incumbent on the candidate within a certain time limit to procure such supplementary information with regard to the work or its independent execution as might be deemed necessary in the judgment of the board.

After the papers handed in have been treated by the entire board the candidate shall at a verbal examination reply to such questions as the board may find occasion to ask.

Sect. 3.—*Theoretical Part.*—At the theoretical examination the candidate shall be examined in (*a*) general business routine, (*b*) general branches of commercial and shipping law.

The requirements shall be as follows :—

(*a*) *General Business Routine.*—The candidate shall possess a general knowledge of and be able to explain : The origin and importance of trade ; the various forms of trade ; the rights and responsibilities of the persons engaged in trade ; the different forms of organisation of trading companies (joint stock companies, co-operative societies, trusts) ; weights and measures ; money (including standards of value, the monetary systems of the several states, monetary unions) ; the various forms of the traffic in goods, terms of sale and payment ; credit and banking systems, exchange organisation, exchange operations, dealings in securities ; postal, telegraph and railway service ; forms of carriage and freighting by land and by sea, custom service, bonded warehouse ; commercial and shipping treaties ; insurance.

(*b*) *General Branches of Commercial and Shipping Law.*—The candidate must be thoroughly conversant with the documents usually employed in business and with the statutory provisions regarding book-keeping and accountancy. He must possess knowledge of the general rules—especially to the extent to which they are of importance for the judgment of the economic effect of certain transactions—with regard to majority, relationship between husband and wife as regards property, line of succession, compulsory inheritance, inheritance contracts, wills, *mortis causa*, causes invalidating contracts, powers of attorney (particularly as regards the various kinds of powers of attorney, commission, consignment, agents and commercial travellers), bonds, bills of exchange, cheques, cash orders, accounts current, surety, insurance (including a general knowledge of annuities), deposits, forms of credit, freight contracts (including bills of lading), purchase and sale (including conveyance of real estate, bills of sale and the hire-purchase system), leaseholds (including the appertaining provisions of the Bankruptcy Act), mortgage and pledge (including accommodation bonds and letters of indemnity), enactments relating to companies (including thorough knowledge of the Companies Act), winding-up of estates (including bankruptcy and compulsory composition outside bankruptcy).

In each of the subjects of General Business Routine and General Branches of Commercial and Shipping Law shall be given a written paper besides the verbal examination.

Sect. 6.—Persons who intend to go up for the examination for state authorised accountants

must submit a written application to the board of examiners.

Sect. 9.—Persons who have gone up for the practical examination without passing or completing this examination shall not be eligible to go up again for this examination until after the expiration of two years. Upon the recommendation of the board of examiners the Minister of Trade may, however, grant permission to a candidate who—owing to ill-health or other causes over which he had no control—has been prevented from completing the examination, to go up again before the expiration of the said period.

Mr. Jespersen gives the following additional information about the profession in Denmark:

As proof of the vigorous life which exists in the Scandinavian lands in the field of accountancy I must not forget the Inter-Scandinavian Congress of Accountants that was held at Copenhagen from September 1st to 4th, 1927, by accountants from Denmark, Finland, Norway and Sweden. A great Committee of Honour was formed consisting of Secretaries for Industry, Commerce, Navigation and Justice, and many leading figures in the world of finance, commerce and industry, while delegates from England, Germany and Holland were present.

The Congress was attended by practically 100 accountants from the various countries, and treated, among other things, training, professional etiquette, and the control of limited liability companies. The Congress ended in a joint motor trip.

The next Inter-Scandinavian Congress will be held in Helsingfors (Finland) in 1931.

FINLAND.

I have made use of an article from Mr. Waldemar Westphal, C.G.R., in the Dutch monthly *De Bedryfseconoom* of November, 1927, in collecting the following particulars.

Till 1910 the accountant's profession in Finland was unknown. The audit of the balance-sheet of a limited liability company as prescribed by law was looked upon in most cases as a formality, and very often persons were appointed as auditors who had not the slightest notion even of book-keeping.

In consequence of various irregularities in the management of companies considered to be solvent (irregularities which might have been restricted if the auditors had been capable) came the conviction that an end ought to be put to the old way of doing things.

At a meeting held on November 27th, 1910, in which teachers in commercial sciences, and persons from the business, bank, and insurance world took part, it was decided to found an association for the advancement of expert control. This association was founded on April 18th, 1911, under the name of "Suomen Filinlarkastajain Yhdistys" (Finska Revisors Föreningen) (Finnish Accountants Association).

Already in the first year of its existence the association drafted a Bill for making the keeping of books compulsory.

This forms the foundation of the law passed in the Finnish Parliament in 1924 and ratified by the State President in 1925.

Political and economic complications caused the life of the association to remain stationary for a long time. In the beginning certificates were awarded only by the association. Later on Chambers of Commerce were established, which have given to others than those who were admitted by the association the right to call themselves "authorised revisors."

In 1924 the Central Chamber of Commerce was induced to appoint a separate accountants' board, which now examines accountants and grants licenses to exercise the profession. The old association was dissolved and a new association was founded May 14th 1925, under the title of "Keskuskauppakamarin Nyoäksyma tilint arkastaja Ydisthys," *i.e.*, "Association of Accountants recognised by the Central Chamber of Commerce."

Now the board of this association can appoint any Finnish citizen to be an authorised accountant, after having obtained the necessary information about the reputation and character of the candidate. The following stipulations, however, must be observed: The candidate must be 30 years old, enjoy general confidence, have the disposal of his capital, and be financially sound. The candidate must possess the general education and knowledge of languages necessary for the profession. The candidate must have a thorough experience of book-keeping obtained by practical work in different branches of business, and must show himself to be possessed of sound judgment.

The same right is given to those who passed an examination at a University or the examination of an examining body appointed by the association.

Transition stipulations guarantee rights formerly obtained.

After being sworn the candidate receives the certificate giving him the right to call himself K.H.T. or C.G.R. These are the initials in Finnish or Swedish of the title "Accountant recognised by the Central Chamber of Commerce." The diploma must be shown every year to the authorities, when it is renewed for a year unless there are objections.

An authorised accountant may neither directly nor indirectly be interested in a business in which he is employed as accountant, while, generally speaking, he may not participate in commercial undertakings in such a way that he might become partial, or the general confidence in his impartiality might be decreased.

The profession is increasing in importance in Finland; many members in the big towns practise it exclusively. In 1927 the association numbered 34 members, 25 of whom were in Helsingfors.

FRANCE.

In my opinion, the origin of accountancy in France is to be looked for in the Société de Comptabilité de France, founded in Paris in 1881, and recognised by the State to be of public utility, by a decree of August 25th, 1916.

The Société, which aims at advancing commercial science, and improving the science of accountancy, instituted various examinations, namely:

First Grade, for obtaining the certificate of "teneur de livres."

Second Grade, for obtaining the certificate of "comptable."

Third Grade, for obtaining the certificate of "Expert-Comptable" (accountant).

These examinations were established in 1905.

The syllabus gives a good idea of the broad view which the organisers took of the profession. Those who wished to be admitted to the accountants' examination had to be in the possession of the certificate of Comptable (Socond Grade), and, moreover, prove themselves to be of irreproachable conduct. Instead of the second grade diploma it was sufficient to produce other certificates, especially those awarded by high grade institutes.

The syllabus of the examination includes:

Control of business, the technique of accounting, and its application to the businesses;

Control, either voluntary or acting under instructions of legal authorities, arithmetic, business and finance, compound interest, insurance (life and accident);

Law: Investigation by experts, commercial law, civil law, the penal code, administrative law, fiscal law.

Economics, also as applied to industry, trade, transport, finance, institutions of publicity utility.

The examination is only oral.

It was not till 1912 that the experts comptables combined in a separate association. In that year was founded the Compagnie des Experts Comptables de Paris, an association which numbered 22 members on June 30th, 1913, which number has now arisen to about 120. The example of Paris was followed by other places so that there are now nineteen associations. These have combined to form a Fédération des compagnies d'Experts Comptables de France et des Colonies; apart from this there is also a Compagnie des Experts Comptables de France, a Compagnie des Experts Comptables près le tribunal de 1° Instance de la Seine (70 members), and a Compagnie des Arbitres experts près le tribunal de Commerce de la Seine (40 members).

After a legal regulation of the profession had been repeatedly insisted upon, this came at last by a decree from the President of the Republic, May 22nd, 1927. (*Journal Officiel* of June 2nd, 1927, No. 128.)

By this decree was established the "Brevet d'Expert Comptable reconnu par l'Etat." In order to obtain this brevet, it is necessary to pass a preliminary examination, to be articled for five years, and to pass a final examination. The preliminary examination cannot be passed before the age of 19.

The apprenticeship consists in the practice of professional work at the office of an accountant recognised by the State, in continuous service. During the first ten years after the decree, candidates may be empowered to exercise the profession at the office of an expert comptable not recognised by the State. The examinations are both written and oral. A person who has passed the written examination but failed for the oral, may defer the passing of this part for one year.

It has been decided as a transition measure that the brevet of Expert-Comptable reconnu par l'Etat shall be awarded to the French Experts-Comptables who have been licensed as such, have reached the age of 30, and have given proofs that they have exercised the profession for five years long without having been definitely employed in any business. Those wishing to take advantage of this stipulation must send in a request to this effect within a year of the date of the presidential decree. The settling of further stipulations has been left to the Secretary for Education and Fine Arts, and to the Secretary for Commerce and Industry.

By a decree of May 25th, 1927, the former made, among others, the following stipulations:—

The preliminary examination includes: the principles of arithmetic, the principles of public and private law, general ideas about commercial law, financial arithmetic, the fundamentals of political economy, the management of enterprises.

For the control of the apprenticeship registers are kept in several places, in which notes are made about the articled clerks. The register is controlled at least twice a year. Supervision is held over the conduct of the articled clerks by a Council of Discipline. The Council can suspend the articled clerk and even advise the Minister to remove his name from the register. On completion of the articles a certificate is issued to this effect.

In the decree nothing is mentioned about disciplinary supervision of the experts-comptables themselves. This supervision is regulated in the statutes of their associations; but no stipulations whatever on this point are made either in the decree of the President or in that of the Minister.

The final examination includes: Thorough knowledge of the science of arithmetic, auditing and investigation, bank and exchange affairs, law suits, fiscal and social legislation.

Various exemptions from one or more branches of the preliminary examination are granted in connection with the possession of certificates. No exemptions whatever are granted for the final examination.

By way of a transition regulation the following associations are appointed to receive applications from those who have not been examined for admittance to the register of experts-comptables reconnus par l'Etat:

The Societies of Experts-Comptables combined in the "Fédération des Compagnies d'Experts-Comptables de France et des Colonies."

The Compagnie professionelle des Experts-Comptables de France.

The Compagnie des Experts-Comptables près le tribunal de 1° instance de la Seine.

La Compagnie des Arbitres experts près le tribunal de Commerce de la Seine.

France numbers now about 400 experts-comptables, who are members of the Federation, besides an unknown number who are not members.

I am indebted to Mr. A. Jard, Expert-Comptable reconnu par l'Etat, of Paris, for various details mentioned above.

GERMANY.

There are three great groups of accountants in Germany, viz: the sworn "Bücherrevisoren"; the "Buchsachverständigen"; the "Treuhandgesellschaften" (Trustees). According to Sillèn—on whose article in Vol. X of "Grundriss der Betriebswirtschaftslehre" I have based much of the following information—accountants were sworn, before 1900, by the Law Courts, whereas since 1900 in most Bondstates the Chambers of Commerce have been empowered to swear and appoint accountants. There is no hard and fast rule for the whole of Germany as to this swearing: various authorities can swear an accountant. All the same, a large number of Chambers of Commerce require the passing of an examination and a certain proficiency in practice.

The "Verband Deutscher Bücherrevisoren" (V.D.B.) founded in 1896, of which nearly all sworn "revisoren" are members, had in 1927 a membership of 847.

The "Bund der Buchsachverständigen" consists chiefly of accountants who have not been sworn; it numbers about 380 members.

The "Treuhandgesellschaften" are limited liability companies, whose work is not only pure accountancy, but also the administration of capitals. Originally these "Treuhandgesellschaften" were subordinate to the great banking houses, by whom they were called into existence for the purpose of investigating administrations and regulating the administration of capital on behalf of the aforementioned institutions. According to Sillèn this dependence on the banks has gradually come to an end; he estimates the number of the Treuhandgesellschaften in the beginning of 1925 at about 330; now there are said to be more than 560. The Treuhandgesellschaften are combined in a "Verband Deutscher Treuhand- und Revisionsgesellschaften" founded in 1919, and now containing about 80 companies, some of smaller, some of average size.

There are, further, the following associations:

Reichsbund Deutscher Treuhand Aktien Gesellschaften, Berlin, founded in 1926, in which are associated 20 large companies, which are connected with the big banks.

Treuhänderfachgruppe im Verband Deutscher Diplom-Kaufleute, Berlin. This is an association of those who have at least passed the examination for "Diplom-Kaufman." Only those are admitted to membership who can prove that they have had five years' practice, three years at least of which in treuhand and accountants' matters. About 45 persons are members of this association; they are working to obtain a separate examination and a distinctive title.

Verband Deutscher Diplom-Bücherrevisoren, Leipzig. This association has about 25 members, and consists only of old students of the Commercial University of Leipzig.

Reichsverband Landwirtschaftlicher Privat-Buchstellen, Magdeburg. This association concerns itself chiefly with the interests of agriculture and carries on its accountants' work and treuhand activities. It has about 50 members.

Many of those forming the three associations last mentioned are members of the V.D.B. For the information about the associations I am greatly indebted to Prof. Dr. E. Schmalenbach, of Köln-Marienburg, who kindly furnished me with copious details.

The highly divergent conditions on which the Bücherrevisor may begin his career in different parts of the "Reich" have led the principal associations to draft a Bill in which the exercise of the profession will be regulated for the whole state. It is remarkable in this Bill that the professions of "Bücherrevisor" and "Treuhänder" (public accountants and trustees) are included in one Bill and that—if it becomes law—a person in Germany will be sworn as "Public Accountant and Trustee." The Bill stipulates that the "Public Accountant and Trustee" shall be sworn by a German Chamber of Commerce and appoints emphatically that the profession may be exercised by private persons as well as by companies. In the latter case there must be at least one person on the board who is sworn. The signature of such a sworn person is required for signing reports. A sworn "Revisor und Treuhänder" is forbidden to do business for his own account, or to act as commissioner or intermediary in any business.

In order to be registered as sworn "Revisor und Treuhänder" the candidate must be able to prove that: he is a German; he lives in Germany; he is 28 years old. Admittance is refused to those against whose morals any objection exists, or who are restricted in the management of their fortunes by a decree at law.

The theoretical knowledge is tested by an examination; the requirement for admittance to the examination is generally three years apprenticeship. Exemption from one or more parts of the examination is granted to those holding certain certificates.

The following points are all regulated in the Bill: Discipline, assistants and the illegal use of the title. Finally, transition stipulations assure rights obtained before the Bill becomes law. It is, however, dubious whether this Bill will ever become law, now that it does not appear to be certain that the drafters of the Bill themselves are satisfied with it. It is noteworthy that the Saxon Chamber of Commerce, in a resolution of November 24th, 1926, declared itself to be opposed to the Bill, among other reasons because the legal regulation of the profession of Revisor has nothing to do with trusteeship.

There are various examinations by the passing of which a certificate as Bücherrevisor can be obtained. The syllabus for the "Verein Deutscher Bücherrevisoren's" examination is:

(*a*) Commercial economics, special book-keeping and balance-sheet, audits, taxation, calculation of cost prices, organisation of the concern, founding and financing of the concern, the activities of a trustee.

(*b*) Legal stipulations as to the exercise of the profession, professional policy.

(*c*) Law, commercial law, company law, drafts and cheques, bankruptcy, private composition.

(*d*) Political economy, special finance.

The examination consists of an oral and a written part. Exemption from some branches is granted to holders of certain certificates.

The German Chamber of Commerce have instituted a common examination for revisors. Only those are admitted to the examination who can prove:

(*a*) That they have had such a theoretical and practical training as is sufficient for the exercise of the profession.

(*b*) That they are at least 28 years old.

(*c*) That they are of German nationality.

(*d*) That their social position is irreproachable.

(*e*) That they enjoy a good reputation.

(*f*) That they are not suffering from any complaint which is of bad influence in the exercise of the profession.

(*g*) That they are practising the profession of accountant independently, or have the intention of doing so.

The request to be appointed and sworn must be accompanied by:

(*a*) A complete biography.

(*b*) An official certificate of good conduct.

(*c*) A statement as to former activities, and examinations passed.

(*d*) If possible, work done by themselves in the field of accountancy.

Further references must be given from whom information about the candidate may be obtained.

On the examining board are two members of the V.D.B. The syllabus of the examination is practically the same as that of the V.D.B.

An examination in accountancy is also held by various commercial universities.

Here follows, as something special, the rates for the work of an accountant fixed by the V.D.B. These rates are based on the value of the concerns investigated. I have never come across a similar scale of rates in any other country, and neither does Professor Sillèn seem to know of any other country in which the rates of remuneration are fixed not according to the time spent but to the value of the concern.

The chief stipulations in the rates are as follows: When the concern to be investigated represents a value of R.M. 10,000, at most, the remuneration is R.M. 70. This amount is increased by a falling percentage as the increased amount rises. This percentage is 0.4 per cent. for values from R.M. 10,000 up to R.M. 30,000; from R.M. 30,000 up to R.M. 50,000, it is 0.25 per cent.; from R.M. 50,000 up to R.M. 100,000, 0.14 per cent.; from R.M. 100,000 up to R.M. 200,000, 0.11 per cent.; from R.M. 200,000 up to R.M. 400,000, 0.075 per cent.; from R.M. 400,000 up to R.M. 700,000, 0.04 per cent.; from R.M. 700,000 up to R.M. 1,000,000, 0.035 per cent.; from 1 to 1½ million, 0.03 per cent.; from 1½ million to 2 million, 0.025 per cent.; from 2 million up to 2½ million, 0.02 per cent.; from 2½ million up to 3 million, 0.018 per cent.; from 3 up to 4 million, 0.016 per cent.; from 4 to 5 million, 0.014 per cent.; from 5 to 6 million, 0.013 per cent. For 6 million R.M. the remuneration is R.M. 1,650. Upwards of 6 million is calculated at 0.0125 per cent.

If the value of a concern is not determined it has to be assessed. If more than one expert is necessary for an investigation each of them may charge the full rate. If the work can be charged for according to different rates, the accountant may charge the rate most favourable for himself. He may combine different rates if different sorts of work are required of him.

In the case of books and balance-sheet investigations the remuneration is fixed according to the amount of the assets. It amounts to from 0.1 per cent. to 0.15 per cent., according to the volume of the book-keeping.

If the investigation of the balance-sheet is preceded by the investigation of the books of branches, the remuneration may be calculated according to the sum total of remuneration for the balance-sheets of the branches instead of the total balance. Moreover, the following extra charges may be made:—

(*a*) When the books are badly kept or difficult to check, from 0.02 per cent. to 0.05 per cent.

(*b*) For co-operation in stock-taking, according to the nature of the co-operation, 0.05 per cent. to 0.1 per cent. of the value of the stock.

(*c*) When a considerable part of the vouchers are in a foreign language, 0.02 per cent. to 0.05 per cent.

(*d*) When the books are kept in a foreign language 0.02 per cent. to 0.05 per cent.

If the book-year does not cover twelve months, the price is lowered or raised by one-twentieth of the total remuneration for each month.

When the audit concerns a balance-sheet (without investigation of the books) or an opening balance-sheet, the remuneration amounts to from 0.04 per cent. to 0.08 per cent., in proportion to the volume of the books.

If the investigation is restricted to that of an account or a copy of an account the amount of the remuneration, calculated according to the biggest side, is 0.03 per cent. to 0.05 per cent.

If the account consists of comparatively few big items, the remuneration may be reduced to 0.01 per cent. For signing a balance-sheet or an account the remuneration is increased by one-twentieth of the rate.

For the declaration that copies of balance-sheets, accounts, excerpts from books, and similar things are in agreement with the original, the remuneration calculated according to the biggest side is 0.005 per cent. to 0.01 per cent.

This remuneration is reduced by one quarter when the documents concerned are presented to the accountant at his office.

For signing a second copy at the same time and for each further copy of a balance-sheet or an account the remuneration is one-tenth of that for the first copy.

THE DRAWING-UP OF A BALANCE SHEET AND SECRET BOOK-KEEPING.

On the premise that the books have been regularly kept up to date, the rate calculated according to the sum of the assets is: for drawing up a balance-sheet, 0.05 per cent.; for keeping the secret books, 0.03 per cent. to 0.05 per cent. For co-operation in stock-taking the full existing rate may be charged.

Advice and Consultation.

Organisation of the book-keeping, only consulting, 0.03 per cent. to 0.05 per cent.

Special questions concerning taxation, depreciation, fixing of profit, distribution, &c., 0.05 per cent. to 0.08 per cent.

Judging financial state or dispositions by partners, 0.06 per cent. to 0.12 per cent.

Divisions, 0.06 per cent. to 0.12 per cent.

Organisation, calculations, also of productiveness, 0.06 per cent. to 0.12 per cent.

Foundation or change in the form of management, calculated according to the sum of the assets, 0.06 per cent. to 0.12 per cent.

Management, work as administrator, 0.06 per cent. to 0.12 per cent.

Fixing of damage, &c., 0.15 per cent. to 0.25 per cent.

For written declarations the above-mentioned remunerations are increased by two-tenths.

Questions about Taxes in Connection with Investigation of Books and Balance-Sheets.

The remuneration is 0.01 per cent. to 0.04 per cent. As value is reckoned:

For income taxes, the sum of the assets less loss, if any.

For turnover tax, the turnover for the year.

For capital tax, the capital amount.

For rates, the value of the freehold.

For treatment in this second and third instance this rate is raised by the half.

The rates do not include representation in questions of taxes.

Control at Foundation.

By participation in cash, according to the share capital increased agio, 0.04 per cent.

By participation otherwise than in cash, the sum of assets brought in, increased by the cash participation, 0.08 per cent.

In cases of difficult and very long investigation a proportionately higher remuneration can be claimed in either or both cases. For the investigation of concerns in which payment only is made in cash, but in which, at the same time, there is the intention to take over a concern, the rate charged is the same as the rate for participation otherwise than in cash.

Administration of Capital.

The annual remuneration, calculated according to the amount of capital, 0.05 per cent. to 0.1 per cent.

For sums invested in landed property or concerns the remuneration is raised from 0.12 per cent. to 0.15 per cent.

For the administration of landed property, built on or not built on, from 5 per cent. to 8 per cent. of the gross income.

Liquidation, Trust Work, and Composition with Creditors.

The remuneration is from 3 per cent. to 5 per cent. of proceeds or of the value of the assets.

Activities as Arbiter.

For accepting the task of arbiter, the remuneration of the president is from 3 per cent. to 10 per cent. of the amount in dispute, with a minimum of R.M. 200.

For a vice-president 2 per cent. to 5 per cent. with a minimum of R.M. 100.

If a sworn "revisor" is appointed alone as arbiter, then he receives the remuneration of a president increased by 50 per cent.

The above mentioned remunerations hold good only for affairs for which five sittings at most are necessary. If this number is exceeded then 10 per cent. above the rate may be charged for each sitting.

General Stipulations.

If the value of an object is strikingly out of all proportion to the time devoted, the remuneration may be calculated on the mean of the remuneration for value and the remuneration for time spent.

Remuneration According to Duration.

For the calculation of the remuneration the value of the object is to be taken as basis. Only when the value cannot be fixed by estimation, or when there is any legal objection to this, is the remuneration fixed by the duration of the work.

The minimum remuneration calculated according to duration of work is:

For 1 day (6-8 hours)	..	R.M. 60
For less than 6 hours:		
For the first hour	..	R.M. 15
For each following hour	..	R.M. 7.50
For extra hours ..	..	R.M. 15

The time necessary for travelling counts as loss of time. Moreover, the use of assistants is charged for, as a rule, at half-rate, and in accordance with their positions and the work they do.

Disbursements, Extra Remuneration.

Apart from the remunerations already mentioned, the expert has a right to: Ten per cent of the remuneration for office and clerks expenses; restitution of disbursements, especially second class travelling expenses, and hotel expenses, an increase of 25 per cent. for the time spent out of usual office hours.

Allowances or Deductions.

Inasmuch as in some places the cost of living justifies a higher or a lower rate of remuneration, the members living in those places may, by resolution of a majority, fix an allowance of 10 per cent. on the above-mentioned rates.*

To become valid, the resolution must have the approval of the Board of the V.D.B.

Final Stipulations.

A deposit may be required.

The accountant is at liberty to make a higher charge, if this is agreed to, than stated in the rates.

A fixed annual charge can be made for regular control and advice, if the commission runs for several years.

A revisor shall not charge for work in another town a lower rate than that in force there.

For the investigation of a balance-sheet the remuneration may be reduced 20 per cent. if the profit is less than 4 per cent. of the paid-up capital.

The expert may place his services quite gratuitously at the disposal of the poor, or of charitable institutions, or he may make his charges as low as he pleases.

ITALY.

All writers on accountancy are of unanimous opinion that the Italians were our predecessors in the field of book-keeping and accountancy. This is interesting in connection with the statement made by Dr. P. G. A. de Waal in his "De leer van het boekhouden in de Nederlanden in de zestiende eeuw" (Roermond, 1927), in which, speaking about Paciolo, he reminds us of the latter's statement in Chapter XVIII: "It was an act of prudence to appoint someone whose sole task it is to control these offices, *i.e.*, to see whether their books are kept well or badly."

Professor O. Sillèn even goes as far as to remind us that the history of the "Ragionieri" extends over a period of 700 years.

Notwithstanding the fact that Ragionieri dates from so long ago, I have not succeeded in getting direct information from Italy as to the state of affairs. Consequently, I restrict myself to borrowing some statements from the work of Professor Sillèn already cited.

The initiative in the revival of the profession, which after a period of great prosperity had fallen into decay, was taken by the professional accountants of Florence. At their instigation a national congress of Italian "ragionieri" was held in Rome in 1879, where the forming of centres in all Italian provinces was recommended. In 1905 no fewer that 52 such provincial associations existed. All these are again combined in a national Bond, the "Federazioni Nazionale dei Collegi dei Ragionieri."

By the law of July 15th, 1906, and the stipulations as to the execution connected with it, a "collegio dei ragionieri" must exist in every Italian province, with its headquarters in the capital of the province.

The provincial associations publish their lists of members.

According to Article 1 of the law mentioned, only members of the associations have the right to practise the profession in public, while Article 3 extends this competence to all the Law Courts of the Kingdom. The Law Courts must furnish the members of the associations with all commissions pertaining to book-keeping and connected interests. On the other hand, the members may not refuse to carry out a commission encharged to them concerning guardianship, and various sorts of relief, without good grounds.

All the same, the members of the associations have not a monopoly. Their work seems chiefly to run parallel with that of lawyers, for instance, in liquidations, bankruptcies, compositions and the regulating of inheritances. They are also appointed to control administrations, but for the control of the balance-sheets of limited liability companies they are not called in so regularly as in other countries.

As a matter of fact there are more accountants' associations, among the most important of which are those of the Doctors in Commercial Sciences (dottori commercialisti), who receive the training at higher grade commercial schools, or the Commercial University of Milan (Università commerciale Luigi Bocconi). These "Dottori" have succeeded in getting their association, "Federazione nazionale degli ordini dei dottori commercialisti," acknowledged by a Royal decree of January, 1924.

It would appear that in the accountants' profession proper much has been neglected also by the "Dottori," and there is no Italian literature of any importance in the matter of accountancy.

Lately, both in Milan and in Rome, large "Treuhand" associations have been founded in co-operation with influential banking houses. These "Treuhänder" utilise the services of both types of ragionieri.

According to Brown (quoted by Professor Sillèn), the leading 28 associations in Italy had as many as 2,184 members in 1905.

I regret that it seems to be so difficult to get regular news from Italy as to the course of accountancy.

THE NETHERLANDS.

In an excellent monogram "The Accountant's Profession," by W. Beyderwellen (Amsterdam, 1928), a fairly complete history of accountancy in the Netherlands is given. Most of the data to follow are borrowed from this brochure.

* The intention must also be that they may lower the rates 10 per cent., but this is not stated in the rates which I have at my disposal printed in the Year Book of the V.D.B. for 1929.

Although for years the assistance of book-keeping experts had been called in for the examination of merchants' books, the profession of the accountant in the Netherlands only dates from 1893, owing to the fact that various persons who had previously been engaged on accountants' work now took the title of accountant. On the initiative of E. W. Schallenberg, Rotterdam, The Netherlands Institute of Accountants was founded in 1895. The first chairman was C. J. Theunisse, Rotterdam, a man of great ability and experience, who for years had been one of the board of examiners for the state examination in book-keeping, and who, by carrying out all kinds of commissions, had shown himself to be a capable accountant.

The Netherlands Institute followed as closely as possible the regulations of The Institute of Chartered Accountants in England and Wales. In this way the distinction between fellows and associates was copied by dividing the members into first-class members and second class members. As first class members were appointed the founders—who were admitted without examination—and those who had passed the examination of the Institute were entered as first class members after having been second class members for five years.

Articles of apprenticeship could not be introduced, because at the time that the Institute was founded there was not a sufficient number of accountants' offices in which articled apprentices could be placed. Moreover, such an apprenticeship is not customary in the Netherlands, and it is only in the profession of notary public that apprenticeship is regulated by law.

In the initiary stages a few exceptions were made to these regulations. The Institute was established by 71 persons, all of whom were appointed first class members. Between 1895 and 1899, another 26 persons were elected to the first class, although they did not comply with the normal stipulations. Since then no one has been appointed as a member who has not passed the examination of the Institute.

In 1906 a difference of opinion as to the management in the Institute led to the resignation of twenty members, who founded a new association, viz, "De Nederlandsche Accountantsvereeniging." This Association continued to exist independently till 1919, when it was again united to the Nederlandsch Instituut. When this amalgamation took place the distinction between first class and second class members was abolished. Now anybody can be elected as full member of the Institute who has passed the examination of the Institute in its entirety.

At the present moment the Institute numbers 288 members, of whom some twenty have not been examined, whereas the rest are fully qualified by examination.

There are, besides those already mentioned, a good 800 assistant members of the Institute. That is to say, young people who are studying for the Institute's examination for the purpose of being later elected as members.

As I had the opportunity in 1904 of explaining at the Congress in St. Louis, we in the Netherlands have had the same experience with accountants' associations as other countries have had.

After the foundation of the Nederlandsch Institute in 1895, several persons who for various reasons were not admitted to membership founded a new association: 1899 The Nederlands Bond of Accountants. This "Bond" now numbers 93 members, of whom fourteen have not passed an examination.

Then in 1902 two new associations were formed, namely, The Netherlands Academy of Accountants and The National Organisation of Accountants, both of which were amalgamated in 1922 under the name of Netherlands Organisation of Accountants, which now numbers 55 members, 31 of whom have been examined.

In 1909 de Nederlandsche Broederschap van Accountants saw the light. It now numbers 79 members, nineteen of whom have been examined. Since that time a number of other associations have been founded, so that there are now eleven associations with 735 members in the Netherlands.

Only the four associations already mentioned act as examining bodies and only admit those to membership who have passed their examination.

Apart from the above there is an association of academically formed accountants (24 members), an association of Government accountants (41 members), and an association of Municipal accountants (54 members).

The association of academically formed accountants owes its existence to the desire of those who have become accountants after passing an examination at the Netherlands Commercial University, Rotterdam, to unite for the purpose of obtaining disciplinary supervision of the execution of the profession. The association of professional accountants, herebefore mentioned by name, only admit as members those who have passed their examinations. As the academically formed accountants desired to be united, they had to take recourse to the founding of an association of their own in order to obtain this unity. In the meantime an opportunity will be given to academically formed accountants to join Institute, "Bond" or Association, after which their society has no reason for existence, at least in its present form. The associations of Government and Municipal accountants are intended to advance the interests of the service; some of their members are also members of an association of professional accountants.

STUDY.

The training of the professional accountant takes place in two ways, namely, through the associations or by studying at the Netherlands Commercial University, Rotterdam. Some years ago the University of Amsterdam established a chair for commercial studies, but the faculty has not yet included the actual training of accountants in its programme.

As far as the accountancy branch is concerned, the courses given by the accountants' associations are in the hands of professional accountants.

EXAMINATIONS.

Whereas the above mentioned associations have held examinations practically since the date of their foundation, the Institute and Federation have, since 1927, combined their examinations to a federative examination. The chief points in their syllabus are as follows:

The examination is sub-divided into:

1. General education.
2. Preparatory examination.
3. Accountancy.

1.—General education includes: Dutch, French, German, English, algebra and arithmetic. Exemption from the whole examination is granted to those who have passed the entrance examination to any Dutch University, or to those who are in possession of a leaving certificate granted by an advanced commercial school or a secondary school when such a school is recognised by the Government. The same exemption is granted to those possessing the certificate for Commercial Economy of the Nederlandsche Handels-Hoogeschool. Moreover, exemption from examination in a few branches is granted to those in possession of proofs of ability in those branches.

2.—The preparatory examination includes: Business technique, financial arithmetic, history of economics, economical geography, social economy, law (private law and fiscal law). For this part, exemption or partial exemption is granted to those who, by possessing proofs of ability issued by others, show that they deserve that exemption.

3.—Accountancy includes: Business economy, administrative statistics, organisation of accounts and books, budget book-keeping, cameral, control, criticism of accounts, reports, history of the profession.

After this examination has been passed the candidate is required orally to discuss a subject chosen by himself. Exemption from business economy is granted to those in possession of a certificate of the Handels-Hoogeschool for Commercial Economy, and also Bachelor in commercial science at the University of Amsterdam. Exemption is also granted to those who have passed a preliminary examination at the University of Amsterdam in business economy as part of their "Greats" examination for Dutch Law.

The Netherlands Bond has an examination, the programme of which differs somewhat in words from that of the Federation, but which in reality differs but little.

The examination syllabus, of late years drawn up by the Nederlandsche Broederschap van Accountants, also differs slightly from that of Federative examination; there is a slight difference of appreciation as to the application of the syllabus.

REGULATIONS OF WORK.

To the best of my knowledge it is only in the Netherlands that regulations of work exist for the professional accountant. The difficulty has repeatedly been experienced that the signification which may be attached to the signature of an accountant has not been fixed.

In England the accountants' profession has existed so long that there is, as it were, a fixed tradition, so that there is but little misunderstanding as to the significance of the signature of the accountant. Moreover, one has there in the legal stipulations as to the countersigning of a balance-sheet more support than in the Netherlands where no legal stipulations exist on this point. In the United States, too, where existing traditions in England have been to a large extent carried on, fewer misconceptions as to the significance of the accountant's signature are to be expected than in the Netherlands, where, to put it figuratively, the soil was virgin.

For this reason the Nederlandsche Accountants Vereeniging (sprung from and later on again amalgamated with the Nederlandsch Institute) decided to draw up regulations of work for its members. As appears from the following regulations, the stipulations are chiefly couched in general terms.

The intention was simply to give the broad lines, and one was limited to stipulations which only formulated generally recognised truths because it was not at all certain that the great majority of professional accountants were of one opinion with respect to all details.

The Netherlands Institute adopted the idea of regulations of work and has, since that time, been followed by other associations.

Here follow regulations of work with the contents of which the great majority of accountants in the Netherlands agree. The existing regulations of various associations deviate somewhat in details from the example given. In principle, however, they are the same.

EXAMPLE OF DUTCH REGULATIONS FOR WORK FOR THE PROFESSIONAL ACCOUNTANT.

Article 1.—The accountant is obliged to carry out his work in such a way that he is convinced, on good grounds, of the accuracy of the result stated.

Article 2.—By the statement of the result of his work, the accountant is obliged to supply all information which may be necessary to give a correct idea of that result.

Article 3.—The accountant is not obliged to give any information about the work he has performed in order to carry out the task entrusted to him, unless this information may be necessary in compliance with Article 2 of these regulations.

He has positively to state the data which were not at his disposal in the carrying out of his work, in so far as they were necessary in compliance with the instructions in Article 1.

Article 4.—The accountant is not permitted to make any further communications in his reports than those referring to the work done by him in agreement with Article 1, unless accompanied by an accurate description of the source from which these further communications have been obtained.

Article 5.—The accountant is not responsible for omission : which the investigation could not bring to light.

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Article 6.—With the exception of what is stipulated in the continuation of this article and in observance of the further circumscription of the auditing of the balance-sheet, given in Articles 7 and 8, it counts as a rule for the accountant that the signing of a document carries with it the approval of the contents.

Every reservation in this respect must be notified in writing.

This written declaration must be placed immediately above the signature. It need not, however, give any further definition of the reserve made, provided for the existence of such reserve reference is made to the document in which this definition is to be found, by making use of the words "given under reserve of . . ."

The declaration referred to in the previous paragraph cannot be replaced by a definition of the work done.

All the stipulations in this article are equally applicable to the signature which serves to establish the identity of the document signed.

Article 7.—The examination of the annual account includes with respect to the balance-sheet, the examination of the technical correctness of the amounts appearing on the balance-sheet of the correctness of the definitions therein given, and of the existence and the appreciation of the assets and liabilities.

If an accountant, on the grounds of the afore-defined investigation, is of opinion that the balance-sheet gives a correct idea of the state of the capital to which this balance-sheet refers, together with the correct amount of profit or of loss included or assimilated in same, he can sign the balance-sheet with or without the addition of any information. Such an approval of the balance-sheet does not extend further than can be required of a layman, with respect to the existence of merchandise and plant and fixtures as well as with respect to the appreciation of the goods, and the depreciation of those possessions.

If an accountant has not carried out the investigation of the balance-sheet defined in paragraph 1 in full, he must notify this, observing what is stipulated in paragraphs 2, 3 and 4 of Article 6.

Article 8.—If an accountant has examined a balance-sheet and not the profit account belonging to the same, he is only responsible for the correctness of the figures of the assets and liabilities and not for the correctness of the balance to the good or to the bad included or assimilated in the balance-sheet.

In this case, the accountant is obliged to place his signature of this balance-sheet under the following declaration: "The above balance-sheet controlled and found correct, without examination of the correctness of the balance to the good or to the bad included or assimilated in same." For this declaration can be substituted a reference to the stipulation pertinent to the matter of regulations which have been published and are obtainable everywhere, containing the regulations as to the way in which the accountants' examination takes place, in the case of the corporation concerned, if that stipulation expressly relieves the accountant of the responsibility for the accuracy of the balance to the good or to the bad included or assimilated in the balance-sheet.

Article 9.—The accountant is permitted to have the work entrusted to him done by his assistants on his responsibility. The stipulations of these regulations are applicable to the accountant for work done in this way.

Article 10.—Contravention of the stipulations of these regulations are punished in the way defined in the statutes and the regulations.

DISCIPLINE.

Discipline is exercised in most cases by a separately appointed council, which, it may be after receipt of a complaint, or it may be on its own initiative, judges whether an accountant is guilty of shortcomings in the execution of his profession.

Here follow the regulations of Discipline, as at present in force in the Netherlands Institute of Accountants.

Article 1.—*General Stipulations.*—The supervision of the members of the Netherlands Institute of Accountants is exercised by a Council of Discipline.

The Council sees that the members carry on the profession of accountant conscientiously, and in good faith and in observance of the statutes and regulations of the Institute. It sees that the members conduct themselves to the honour of the profession.

Each action of a member, which, in the opinion of the Council, belongs to the work of an accountant, shall, in the application of the provision of these regulations, be considered to have happened in the execution of the profession of accountant.

Throughout these regulations, "members" includes assistants, and "accountants" includes assistant accountants unless it is clear that the contrary is meant.

Article 2.—*Composition of the Council.*—The Council consists of seven members and seven substitute members.

Six members and six substitute members are elected from the members of the Institute.

The Chairman and substitute Chairman are lawyers and not members of the Institute. Between the members and substitute members of the Council may exist no relationship either natural or by marriage in the first or second degree; neither may the members be of the same firm, nor may any one be in the service of any other.

The members of the Council receive no remuneration for their work, but any expenses they may incur in the execution of their duties are refunded by the Institute.

Article 3.—The Chairman and substitute Chairman are elected by the general meeting of the Netherlands Institute of Accountants for a period of six years; they are eligible for re-election immediately on retirement. The other members and substitute members of the Council are elected by the general meeting of the Netherlands Institute of Accountants for a period of six years, on this understanding, however, that every year according to list one of the members and one of the substitute members resigns and is not immediately eligible for re-election.

A substitute member may, however, be elected member of the Council.

When an interim vacancy arises it shall be filled at the next general meeting of the Institute. He who is elected to fill such a vacancy resigns at the moment that the person in whose place he has been elected should resign.

Article 4.—The Council appoints from its members a secretary and a substitute secretary, and informs the Council of the Institute of this appointment.

Article 5.—The Council sits with seven members, consisting of the Chairman or the substitute Chairman and six members or substitute members.

Article 6.—*Exercise of Supervision and Jurisprudence.*—The Council decides either on receipt of complaint or on its own initiative whether a member is guilty of shortcomings with respect to the stipulations in Article 1.

The Council exercises supervision in such a manner as it deems good, but does not prosecute unless it has a complaint signed by the complainant or on the ground of complaint formulated by the Council itself and signed by its Chairman and Secretary.

Article 7.—If the Council finds no terms to proceed to prosecution, notice is given of this to the complainant with the reasons of the decision, also to the accused, with a copy of the complaint and the notification to the complainant.

At the same time the Council notifies the Council of the Institute with a copy of the complaint and notification to the complainant. Instead of the copy of the complaint the Council may send such an excerpt of same as it may deem fit, accompanied by a short indication of the nature of the complaint without, however, mention of other names than those of complainant and accused.

Should the Council decide to prosecute, then it notifies the accused of this, adding a copy of the complaint. It also notifies the Council of the Institute, adding a copy of the complaint or such an excerpt of it as defined in paragraph 2 of this article.

Simultaneous with the despatching of the copy of the complaint, a list is sent to the accused of the names of those who as members of the Council will participate in the inquiry into the matter referred to in the complaint.

Members and substitute members of the Council can excuse themselves from participating in the inquiry, provided they do so before their names are given to the accused.

Provided he does so within a fortnight of the date of the notification referred to in the preceding paragraph, the accused is qualified to inform the Board, in writing and with statement of the reasons, that he objects to one or more of the members or substitute members of the Council mentioned in the list.

The accused has the same right with respect to members and substitute members of the Council notified to him later as substitutes for a member or substitute member to participate in the inquiry.

The objection must be made within a fortnight after the notification of the substitute has been made to the accused.

The Council decides in the matter of the objection and notifies its decision to the accused. If the Council allows the objection, it notifies which member or substitute member shall participate in the inquiry in place of the one objected to.

Article 8.—The further treatment of the affair takes place in such a manner as the Council deems fit.

The Council, however, pronounces no verdict before the accused has been given an opportunity of defending himself against the charge.

The Council shall make no use of written or printed documents or of oral statements, before it has given the accused an opportunity to make himself acquainted with the documents or to be present when the oral statements are made. This, whether the accused takes advantage of the opportunity offered him or not.

The manner in which the accused shall be given this opportunity is determined by the Council. As often as the accused appears before the Council, he shall be assisted by an adviser. If he fails to do this, the Council shall appoint an adviser to him at the expense of the Institute, unless the Council is of opinion that the assistance of an adviser, with a view to the nature of the affair, is not necessary.

Article 9.—If the accused, during the inquiry, refuses to answer questions put to him by a member of the Council, or refuses to produce documents which the Council requires to be produced, and the accused cannot satisfy the Council that he is not able or qualified to answer the questions put or to produce the desired documents, the Council shall, on ground of that refusal, draw such conclusions as, under the given circumstances, it is of opinion that it ought to draw.

Article 10.—As soon as the Council is of opinion that the inquiry is to be considered as ended, it shall inform the accused of this fact, and ask whether the accused has anything further to say in his defence.

Article 11.—All notifications, communications about documents, and convocations of the accused shall be made by registered letter, sent to the office or private address of the accused at the option of the Council.

The receipt for the registered letter sent to the accused, together with the statement of the Secretary as to the contents of the registered letter, shall be considered as proof of due despatch, and the accused shall be considered to have received the letter unless he can prove the contrary to the satisfaction of the Council.

Article 12.—If the Council finds terms for doing so, it can give the accused a written warning that, in future, he should refrain from such conduct as referred to in the complaint.

Such a warning has not the character of a punishment.

The Council notifies the Board of the Institute that a warning has been given.

Article 13.—The punishments which the Council can impose are :

1, Reproof ; 2, Fine ; 3, Suspension of membership for a period of three years at most ; 4, Expulsion from membership of the Netherlands Institute of Accountants.

The expenses incurred through this inquiry may be charged entirely or partially to the account of the convicted.

Article 14.—The reproof may be by mouth of the Chairman, or may be pronounced in the sentence.

Article 15.—The fine may not exceed F.5,000 for each fact for which the accused is condemned. The fine must be paid to the Chairman of the Council of the Institute within the period mentioned in the sentence.

Article 16.—The fines received shall be given to a charitable institution to be nominated by the Council of the Institute.

Article 17.—The Council decides by a majority of votes, with this understanding, that the punishment of suspension or expulsion may not be pronounced unless at least five members of the Council declare themselves in favour of it.

The sentences of the Council must be drawn up in writing and signed by all who have assisted in arriving at the verdict, no matter whether the signatory has agreed with the contents of the sentence or not. If a member is unable or unwilling to sign the sentence, mention of this must be made in the sentence. The duly signed sentence is kept in the archives of the Council.

Article 18.—A copy of the sentence, signed by the Chairman and the Secretary of the Council, is sent to the accused. A similar copy, or such an excerpt as the Council may deem fit, is sent to the Council of the Institute. Such communications *re* the sentence as the Council may deem fit may be sent by the Council to the complainant.

Article 19.—As often as the Council has imposed on a member one of the punishments mentioned in Article 13*c* and 13*d*, the Council publishes in the periodical of the Institute the name of the member who has been punished, the punishment imposed, with a qualifying intimation of the fact for which the punishment has been imposed, without mentioning the names of third parties, figures or data.

If the Council considers it desirable, mention is also made in the periodical of the Institute of a verdict of guilty or not guilty, also in cases not included in the preceding paragraphs, without making mention of names, but mentioning such facts and circumstances as may be judged necessary, unless the accused raises objections.

Article 20.—No appeal against the sentences of the Council is possible.

CHAMBER FOR DISPUTES.

Article 21.—*Decision in Disputes.*—The Council of Discipline acts at the same time as the Chamber for Disputes. As such it takes upon itself the pronouncing of decisions in disputes between members of the Institute mutually, and between members of the Institute and third parties, in which one of the parties interested desires the decision of the Chamber for Disputes.

Article 22.—*Arbitration.*—Members and third parties who wish to refer to the arbitration of the Chamber for Disputes such a dispute as referred to in Article 21 which, according to law, may be submitted to the decision of an arbiter, must request the Chamber for Disputes to appoint arbiters. This request must be in writing and must be signed by all parties interested and must contain a summary description of the dispute.

The Chamber for Disputes then indicates three of its members who are willing to act as arbiters in the matter concerned.

Article 23.—The parties, after the receipt of the appointment of arbiters referred to in Article 22, shall draw up a compromise of which as many copies shall be signed by themselves and the arbiters appointed as there are parties, besides one copy for the arbiters.

If such compromise is not submitted to the arbiters appointed for their signatures within a month of their appointment as arbiters by the Chamber for Disputes, this appointment shall be considered as cancelled.

Article 24.—The arbiters appointed may refuse to act as arbiters unless the compromise contain the stipulation that they, as good men and true, shall judge in all fairness, and that they shall receive a remuneration to be fixed by themselves according to circumstances. They may also refuse to act as arbiters if the parties concerned refuse to give them an advance on their remunerations and disbursements.

Article 25.—*Final Stipulation.*—These regulations are to take force on a date later to be fixed by the Council of the Institute. On the same day the existing Regulations of Order and the Regulations of Discipline cease to be valid.

Whether the actions of a member are punishable or not will be settled according to the stipulations referring to same, which were in force at the time of the committing of the action, with this reservation, that if the stipulations of these Regulations are more favourable for the member than those in force when the action took place, the Regulations which are most favourable for the member shall take force.

As to the treatment of a complaint, the Regulations shall be observed which are in force or were in force at the moment at which the complaint was first considered.

LEGAL REGULATIONS.

The exercise of the profession is quite free. Anyone may call himself an accountant and act as such. In spite of repeated attempts on the part of accountants, they have not yet succeeded in obtaining a legal regulation to create order in the present chaos.

By an Order in Council of May 16th, 1918, a Royal Commission was appointed to see whether—and if so, in what way—a legal regulation for commercial education and accountancy should be made. This commission issued a full report in December, 1920, the greater part of which was devoted to Commercial Education, but in which—it goes without saying—a bill for the regulation of accountancy was included. This Bill leaves the exercise of the profession quite free, but institutes the registration of the accountant.

Registered accountants are those who, after having passed the accountants' examination established by the Bill, are entered on the Register. As a transition regulation it was decided that the following persons could also be registered :—

(*a*) Those who, before the coming into force of the law, have passed an accountants' examination which is sufficient guarantee of general education and knowledge of the profession.

(*b*) Those, who before the coming into force of the law have exercised the profession of accountant for a period of ten years to an extent and in a manner which are sufficient guarantee of knowledge of the profession.

This Bill has never come before Parliament, and has thus never become law.

Under the auspices of the Netherlandsch Instituut the Netherlandsche Bond, and the Netherlandsche Organisatie, a Bill was afterwards drafted in which the starting point was the idea that these three societies, in mutual co-operation, should establish an accountants register, which institution should be sanctioned by law, while the execution of the profession should, for the rest, remain free. The main point in this Bill was the registration of accountants, and various guarantees were worked out in it with respect to ability (examinations) and trustworthiness (Council of Discipline).

By decree, March 2nd, 1928, the Secretary for Labour, Commerce and Industry appointed a commission with instructions to advise him in the matter of the two following questions among other things : Is the drafted regulation correct ? Should other societies be admitted for co-operation with the three already mentioned ? This commission has not yet reported on the matter.

Although there is absolutely no legal regulation on the exercise of the profession in Netherland, and the title is in no way protected, yet the Government regularly makes use of the services of accountants. For instance, there a well-equipped accountants' service has been instituted on behalf of the taxes, which service has even instituted examination regulations of its own.

By the side of this the possibility is given in a few laws (among others the Bankruptcy Law) of appointing experts, in which capacity accountants are very often appointed.

Further, in the law governing limited liability companies which has recently come into force, it has been stipulated that the general meeting of shareholders can, and in so far as this is prescribed by the Articles of Association of the company must, appoint an expert for the purpose of regularly supervising the book-keeping and bringing out a report to the general meeting on the balance-sheet and profit and loss account drafted by the Board. The

directors can also appoint an expert with similar instructions.

It must be observed that although the word "accountant" is a word generally recognised in everyday life and language, and though the State itself has instituted an accountant service, the word accountant is not used in the law governing limited liability companies, but in its stead is used the word "expert."

In deviation from what happens in some other countries, the accountant in the Netherlands is seldom appointed "receiver" or "liquidator." The sphere of work of the accountant in the Netherlands is chiefly restricted to the investigation of books, the balance-sheet, and to reporting on the results of the business.

The work of company promoter and the acting as accountant in the enterprise of which the accountant has been appointed director is forbidden him by the good societies.

NORWAY.

The following particulars have been given me by Mr. Thomas J. Dybwad, Bors-autoriserte Revisor, of Oslo.

In 1910 the authorisation of accountants was established by the Board of Trade of Christiania, now Oslo. Of the 121 persons who applied for authorisation at Oslo, only 61 were accepted; since that time the number of members has increased nearly to 150.

Drammen, Stavanger, Frederiksstad and Bergen also have accountants recognised by the Chambers of Commerce. The total number, including Oslo, is now 237.

The profession of state authorised auditor was regulated by the law of February 22nd, 1929.

Anyone has the right to exercise the profession of accountant, but the title "state authorised auditor" may only be used in the cases defined in the law.

Paragraph 3 of the law states the following: A Norwegian citizen who is residing in this country may be granted a license as state-authorised auditor if he proves: 1. To be 27 years old. 2. To have shown a good and honourable conduct. 3. To be solvent. 4. After having passed his twentieth year to have practised at least five years as auditor or assistant auditor in trade, of which at least three years in this country. 5. To have passed the examination mentioned in sect. 4.

Sect. 4 states: For persons who wish to get a license as state-authorised auditor, an examination test is to be arranged. By this the applicant has to prove to be in possession of sufficient knowledge, especially of auditing (including technique of auditing and balance-sheet auditing), commercial technique (including book-keeping with theory of accounts, technique of balancing of books and commercial arithmetic) and commercial law.

The following regulations in this law are quite interesting.

Sect. 8.—The certificate issued for the state authorised auditor must every fifth year be laid before the Ministry and be signed by the Ministry to keep its validity. Such certification is free of charge.

When a state authorised auditor is prosecuted for any punishable action, which may involve imprisonment, his licence is suspended until final sentence has been passed.

If a state authorised auditor is declared incapable of managing his own affairs, or discontinues to be a Norwegian citizen, or to have his residence in this country, his licence is also suspended. . . .

Sect. 9.—A state authorised auditor is not allowed to receive or solicit any economical profit from or by his position as such outside of the agreed upon or fixed fee.

He must not personally or through any trading enterprise, the management of which wholly or in part is entrusted to him, be in a competing or dependent relation to the affair, the auditing of which he undertakes. Neither must be do any business with it.

A state authorised auditor must not be a member of the affair where he undertakes the auditing, nor must he in any other way take part in the management of the affair or occupy any position in which he will be dependent on anyone who has a part in the management of the affairs.

Nor must he work as auditor in an enterprise where any of his nearest relations partakes in the management of the affairs.

The Ministry may under particular circumstances dispense with the last mentioned clause.

POLAND.

In this young Republic, too, a legal regulation of the accountants' profession has now been taken in hand. This regulation is connected with that concerning limited liability companies: the law in question came into force on January 1st, 1929. As a consequence of this law, the capital of a limited liability company must amount to at least 250,000 Zloty (= $28,000). Banks must have a capital of from one million to two-and-a-half millions at least, according to the place in which they are established. If at establishment no ready money is brought in, if business is obtained before the registration of the company, or if payment is made for services done in the establishing of the business, the founders must make a statement, which must be investigated by "Revisoren."

The balance-sheet must be examined by public accountants. This control includes not only the balance-sheet and the profit account, but also the annual report. It is not restricted to the agreement between the balance-sheet and the books, but extends to the actual capital of the enterprise and the agreements entered upon.

Stipulations are being drawn up by the Department of Commerce and Industry as to the qualification of the "Revisoren," their rights and obligations.

It is the intention to establish these stipulations in accordance with those of the German Chambers of Commerce.

As far as I know there is only one association of accountants in Poland, namely at Warschaw, which bears the title of Rzeczoznawcy Buchalterzy, Ul. Wiejska. 15m. 19.

ROUMANIA.

According to a report issued by Dr. V. M. Joachim, President of the Stock Exchange at Ploesti, there exists an association of book-keepers and accountants whose legal qualifications are combined in one law. By the law of July 13th, 1921, an association of authorised book-keepers and experts comptables was founded. These professions may only be practised by members of this association. The law interprets the word book-keeper to mean a person who books commercial transactions in accordance with the principles of book-keeping.

Book-keepers of small concerns (whose capital is less than 500,000 Lei) and clerks need not be members of the association. In order to be registered as a member of the association, one must be an old student of a commercial University of Roumania or abroad, or an old pupil of a higher grade commercial school, or of a commercial school with evening classes. Moreover, one must be in the possession of his rights as a citizen, and no dishonourable sentence may have been passed against him.

There is a branch of the association at every law court; the board of each branch draws up a list of its members every year, and sends it to all authorities under the jurisprudence of the law court concerned. The list is sub-divided into three groups:

(*a*) *Articled Clerks.*—These are the members who, since their registration as members of the association, have been employed for less than two years in a concern whose business transactions are booked according to the laws of the science of book-keeping.

(*b*) *Authorised Book-keepers.*—These are members who can prove that they have had two years' experience.

(*c*) *Experts Comptables.*—These are members who have proved that five years since their registration as members they have been practising the profession, and who are recognised as such by the chief Council of the Association, at the advice of the branch to which they belong. Teachers in book-keeping and those who have graduated at a University can also be registered as expert-comptable. The graduates, however, must have had at least two years' practice.

The law stipulates very exactly in which cases authorised book-keepers or experts comptables must be appointed, and stipulates their obligations. Contraventions are punished by expulsion from the Association, regardless of personal responsibility for the loss caused, and, moreover, additional punishments can be given to those who are guilty of breach of professional secrecy.

The law further contains stipulations as to discipline and transition regulations for the admittance of members where the law comes into force.

The law makes no mention of examinations; the special training for accountants, for which so much is done in some other countries, seems to be entirely in the hands of Commercial Universities and Higher Grade Commercial Schools.

On December 31st, 1926, there were 6,568 members of the association, classified as below:

Experts comptables	1,932
Authorised book-keepers ..	4,079
Articled clerks	557
	6,568

On December 31st, 1927, the association possessed a capital of 795,583.15 lei, and appears to be in a flourishing condition.

RUSSIA.

The information which follows is borrowed from a note presented to the Congress at Amsterdam in 1926 by the delegation of the U.R.S.S. Consequently, this information chiefly concerns the state of affairs in the Soviet Republic.

It goes without saying that the revolution of 1917 tried to unify the system of accounts and its control. For that purpose a Council for accounts was appointed, which was composed of representatives of the administration of various commissories. This Council for accounts occupies itself with the methodology of book-keeping, and the rationalising of accounting. The Council of Commissories of the People take decisions in accordance with the proposals of the Council for accounts.

Besides the Council there is a department for accounting and reporting to the Commissories of the People.

An Institute of State accountants and an "Association of Workers in Accountancy" exist as social organisations.

Russian commercial education seems to have started in 1772, when the first Commercial University was founded in Moscow; in 1916 there were about 400 institutions for commercial education in Russia, including three Higher Grade Commercial schools. In these institutions instruction lasted from seven to eight years, the last two of which were devoted more especially to commercial sciences.

In the Soviet Republic instruction in book-keeping is concentrated in the social-economic technical schools, and in the schools for special professions, which are on a parity with them. The purpose of the instruction is to form book-keepers of secondary and lower rank who are well up in social life.

The higher book-keeping instruction is given in the higher grade social economic schools. The elementary schools turn out about 2,500 pupils every year. The purpose of all these schools is to give them as close contact as possible with the production. According to the note, there was a plan to extend this system further so as to develop instruction in book-keeping subjects still more.

The plan is to regulate this instruction in the following way:

1. A special university for accounting (for scientific study and investigation).

2. Faculties and book-keeping sections at the Commercial Universities.

3. Chairs for accounting at the Universities for Industry and Agriculture, and chairs for Soviet law.

4. Technical school for accounting.

5. Departments for accounting at the technical schools.

6. Professional schools for accounting in the chief towns in the provinces.

7. Special courses for book-keeping.

Moreover, instruction in book-keeping will be given at elementary schools and crafts schools during the last two years.

As to the present state of the profession in Russia, I know nothing further than what was stated by Mr. Borian, delegate from Russia, in Amsterdam in 1926 (pages 262-263 of the Congress book).

SWEDEN.

The following particulars are borrowed from the afore-mentioned pamphlet by Professor O. Sillèn.

The Svenska Revisor Samfundet (Swedish Accountants Association) was founded in 1899. In 1910 this association consisted of 80 members, most of whom were in State, municipal, of private service. This association has done much towards the official recognition of public accountants, but their only achievement was that in the law for limited liability companies a stipulation was included, by which the right was given to a minority of shareholders, representing at least one-fifth of the capital, to demand the appointment of an accountant apart from the one appointed by the general meeting of shareholders.

In 1912 the Chamber of Commerce, Stockholm, came to the decision to appoint official accountants. From the very beginning persons to be appointed had to comply with very high requirements, but yet in 1912 six persons could be officially appointed. Other places followed the example of Stockholm: a central committee formed in Stockholm sees to it that the requirements of the various Chambers of Commerce are in agreement.

Now accountants are appointed by the Chambers of Commerce after receiving permission from the central committee. The accountant may, however, carry on his work all over the country. He must take an oath of secrecy and that he will exercise his profession with care. The central committee acts as Council of Discipline, and settles disputes as to fees. The Committee can give punishments and cancel appointments.

In the whole country 42 accountants, engaged in practical work, have been appointed. The requirements for appointment are very high. Study at a commercial university serves as preparatory instruction, while only as a great exception are persons appointed with whom the profession of accountancy is not their chief profession. Officially appointed accountants have founded an association of their own.

Besides this association there is the "Svenska Revisor Samfundet" with 119 members, a few of whom are officially appointed accountants. The coming into existence of the officially appointed candidates has caused the aforementioned association to raise the standard of its requirements for admission.

The Swedish accountants do not carry on any administrative activities, and are appointed in cases of bankruptcy only for the investigation of the book-keeping. "Treuhand" associations do not exist in Sweden.

The chief work of the accountant is controlling the administration of limited liability companies, of which there are about 15,000 in Sweden. The law concerning limited liability companies demands that the meeting of shareholders should appoint a "revisor" who investigates the administration and the book-keeping.

A person in the service of a company or of its administrators may not be appointed as revisor; for the rest, the meeting is quite free in its appointment. Now, in many cases persons in high positions are appointed who often have very little idea of book-keeping. In consequence of the law the revisor must always be given an opportunity to verify the cash and to check the books and the documents of the company; the management must also supply the revisor with all information desired about the administration. The revisor must make a report to the meeting of shareholders of his verdict; he is responsible for the correctness of his report. He can even be punished and condemned to pay damages if he has failed to prevent incorrect statements appearing in the annual report or in other documents examined by him.

The officially appointed revisors occupy themselves with organisations of book-keepings, questions of taxes, and special investigation of books.

The officially appointed accountants must be at least 25 years of age, have had three years' practice, and, as a rule, must have passed an examination at a Swedish Commercial University. The examination includes political economy, commercial economy, and law. Moreover, the person to be appointed must be able to prove that at the examination in commercial economy special attention was paid to problems concerning book-keeping, balance-sheets,

and auditing. All candidates who wish to obtain this proof must pass a separate examination in auditing, apart from the ordinary examination in book-keeping, technique of the balance-sheet and critics of accounts.

The aspirants for an official appointment as accountant must have had a good mark for commercial economy and law.

In Sweden the officially appointed revisor must undertake no auditing of business in which he is interested, either directly or indirectly. Neither may he be closely related to the person by whom the commission is given him, or to high-placed officials in the concern which he is auditing.

SWITZERLAND.

Professor Dr. H. Töndury, of Bern, writes me as follows about the state of the profession in Switzerland.

Swiss legislature does not contain a single stipulation as to the exercise of the accountants' profession, which is consequently quite free.

The Law Courts appoint, whenever necessary, experts known to them, very often without swearing them in this capacity. Consequently, the general level at which the profession formerly stood was not always high, and it has been a very difficult task to bring about the important improvements now observable.

In 1913, Professor Töndury, in co-operation with Dr. Sender of Zürich, took the initiative in the founding of the "Association Suisse des Experts Comptables," which has developed along good lines, and now practically all the leading accountants are members.

This association immediately set to work on the establishing of an examination. Great difficulties were met with from the side of the Trust Companies (Treuhand-Gesellschaften), which are found everywhere in Switzerland, and could neither become members of the association nor co-operate in the organisation of the examinations.

There were also a few Universities who issued certificates to "experts comptables," and who would not give up this right in favour of a private society.

These difficulties have been solved by establishing a Swiss Chamber for Accountants (Chambre Suisse pour Expertises Comptables; Schweiz. Kammer für Rechnungswesen) which "Chamber" includes both the Trust Companies group and the Swiss Accountants' Association. This neutral institute now organises the accountants examinations with the co-operation of the Secretary for "Economie Publique" and with the Central Committee, which includes all Swiss Chambers.

On this basis an arrangement has also been arrived at with the universities issuing accountants' certificates. Consequently, the universities have stopped awarding certificates, and yielded to the Swiss Chamber of Accountants the sole right of awarding diplomas for practising accountant.

On the other hand, the Swiss Chamber acknowledges the theoretical examinations held by the universities, so that the graduates of the Swiss universities have only to produce proofs of practical ability to obtain the accountants' certificate. A further arrangement was arrived at by which, in course of time, only the graduates of the universities shall have the right to be admitted to the examination of the Chamber. Finally a Bill is being prepared for the protection by law of the certificates awarded.

The following stipulations are taken from the Regulations for the professional examinations "d'Experts Comptables et d'Employé's de Révision." There are two examinations: (*a*) The first examination (for employé's de révision specialement); (*b*) the second examination (for professional accountants).

Candidates may take both examinations at the same time, if the requirements afore-mentioned have been complied with.

The certificate may never be put to advertising purposes. Anyone who has passed the second examination may call himself expert comptable, diplomé de la Chambre Suisse pour expertises comptables.

For admittance to the first examination the candidate must be able to prove:

(*a*) That he enjoys a good reputation and is trustworthy.

(*b*) That he possesses sufficient general knowledge both of commerce and the special profession.

(*c*) That he has been at least three years in business (not including his apprenticeship) of which at least one year has been taken up with accountancy.

For admittance to the second examination the candidate must be able to prove:

(*a*) The same as for the first examination.

(*b*) The same as for the first examination.

(*c*) That he has had at least six years' business experience (not including his apprenticeship) at least two years of which have been spent in accountancy.

The first examination consists of written work on accountancy and the balance-sheet, for which four hours is given. The oral part comprises business economics, organisation of accounts, calculation of cost prices, statistics, book-keeping according to the usual methods, balance-sheets, law of importance for the expert comptable. The candidate is examined for about twenty minutes in each subject.

Complete or partial exemption may be granted to holders of a certificate of a Swiss University and to those in possession of a certificate as "chef-comptable" of the Société Suisse des Commerçants.

For the second examination the candidate has to hand in written work, compiled without supervision. This work must serve as proof that the candidate possesses the theoretical and practical ability to

exercise the profession of expert comptable and to make up a report independently. The candidate must give the assurance that he has done the work without the assistance of others. Besides the aforementioned he must do written work on accountancy under supervision. The time allowed for this work is four hours.

The work handed in is treated orally by the examiners with the candidate. Maximum time three hours.

A candidate who has failed may only present himself once more for examination. Transition stipulations regulate the rights obtained before this regulation, which was sanctioned by the Government on July 9th, 1925, came into force.

CONCLUSION.

I think that in the previous pages I have given a survey of the status of the profession in those countries of Continental Europe which have really accomplished anything in the field of accountancy. In the countries not mentioned so little has been done as to render mention superfluous.

The study of this subject entirely confirms the impression that on the Continent of Europe, too, there is a high conception of the exercise of the profession, and that everything is being done to make the training as perfect as possible. It is as if one wishes, in so far as that is possible, to confirm the words of the late Mr. C. W. Haskins with reference to the profession, as stated by the late Mr. E. W. Sells in his biographical sketch of Haskins (p. 84):

> The ideal conception by the profession itself of its true mission, a conception from within and not dependent upon extraneous exigencies, places accountancy far outside the pale of ordinary callings, and sets it upon a platform of its own as a learned profession, self-impelled to culture, to moral enlargement and to scientific attainment, and lays a basis of confidence for every business enterprise that in professional accountancy there is a self-centred soul of economic truth.

COLLECTING CHARITIES (REGULATION) BILL.

The second reading of this Bill was moved by Mr. Clynes in the House of Commons on Tuesday last. He said the Bill was designed to investigate the administration of collecting charities where and when, on the submission of local authorities or the Charity Commissioners, such a course was proved to be advisable. For some time those interested in collecting charities had manifested a desire for a change in the law which would, in effect, improve the status of many of them and would shield the public against certain evils which had already been experienced. The object of the Bill was to make provision for the regulation of charities which depended for their funds wholly or partly on appeals to the public. The statutory provisions of the War Charities Act were gradually lapsing, because war charities were ceasing to exist, and attention had been called to the desirability of applying some kind of control to the large number of collecting charities which were outside that Act.

Changes and Removals.

Mr. Edward Berry, Incorporated Accountant, has removed to Sun Chambers, 32/34, Kennedy Street, Manchester.

Messrs. Oscar Berry, Froude & Co., Chartered Accountants, have removed to 1, Queen Victoria Street, London, E.C.4.

Messrs. Blackburns, Barton, Mayhew & Co., Chartered Accountants, announce that the partnership has been dissolved by effluxion of time. Mr. J. Hartley Blackburn, Mr. Harold H. Blackburn and Sir Leonard Coates will continue to practise at 24, Bank Street, Bradford, and 2, East Parade, Leeds, and at 3, London Wall Buildings, London, E.C.2, under the firm name of Blackburns, Coates and Co. Mr. Harold M. Barton, Sir Basil Mayhew and Mr. A. E. Sylvester will continue to practise under the original firm name of Barton, Mayhew & Co., at Alderman's House, Bishopsgate, London, E.C.2.

The announcement which appeared in our last issue regarding the new partnership of Mr. E. R. Bradley and Mr. I. H. Slater, of Bournemouth, should have stated that the practice would be carried on under the firm name of "E. R. Bradley & Slater," and not "E. R. Bradley."

Mr. Thos. Broadley, Incorporated Accountant, has removed to 30, Bridlesmith Gate, Nottingham.

Mr. Edward D. Edwards, Incorporated Accountant, has removed to 226, Strand, London, W.C.2.

Messrs. Groome & Ramsdale, Incorporated Accountants, Manchester, have opened a branch office at Bank Buildings, Crown Point, Denton.

Mr. A. E. Hepburn, Incorporated Accountant, has removed to Abford House, Victoria Station, London, S.W.1.

Mr. Percy W. Lawrie, Incorporated Accountant, announces that the partnership existing between Mr. G. H. Thomsett and himself has been dissolved. The practice will be continued by himself at 41, Belvoir Street, Leicester.

Messrs. Leith, Freake & Cade, Incorporated Accountants, of 69, Maitland Street, Bloemfontein, and 7A, Britannia Arcade, East London, South Africa, announce that the partnership hitherto subsisting between Mr. Alfred Searle Leith, Mr. Charles Sidney Freake and Mr. Robert Cade terminated by mutual consent on October 31st, 1929. Mr. Alfred Searle Leith, F.S.A.A., C.A. (S.A.), and Mr. Robert Cade, B.A., F.S.A.A., C.A. (S.A.) will continue to practise at 75, Maitland Street, Bloemfontein, under the name or style of Leith, Freake and Cade, and Mr. Charles Sidney Freake, F.S.A.A., C.A. (S.A.), will continue to practise at 57, Union Street, East London, under the name or style of C. S. Freake.

Mr. C. C. Payne, Incorporated Accountant, announces that the address of his Aylsham office is Red Lion Street, and not Station Road, as formerly.

Mr. F. Scorah, Incorporated Accountant, has removed to 52, Saltergate, Chesterfield.

Messrs. J. Tomlinson & Co., Incorporated Accountants, Manchester, have opened an office at 74, Wharton Road, Winsford, Cheshire.

CHARTERED INSTITUTE OF SECRETARIES.

Annual Report.

The following are extracts from the 38th annual report of the Council :—

MEMBERSHIP.

During the year ended August 31st the net increase in membership was 190. On that date the number on the Roll was 6,298, of whom 2,259 were Fellows, and 4,039 were Associates. Three hundred and fourteen new members were elected, and two former members were re-admitted to membership during the year. The number of members whose membership ceased through death or other cause was 126.

EXAMINATIONS.

The results of the examinations held in December, 1928, and June, 1929, were as follows :—

	Candidates.	Passed.
December, 1928.		
Preliminary	43	30
Intermediate	666	269
Final	380	137
June, 1929.		
Preliminary	70	53
Intermediate	862	419
Final	465	193
Totals.		
Preliminary	113	83
Intermediate	1,528	688
Final	845	330
	2,486	1,101

The "Sir Ernest Clarke Prize" for the candidate securing the highest marks in the Final examination was awarded as follows :—

December, 1928 : Harry Lemkovitch (London).

June, 1929 : Tom Bolton (Great Harwood, Lancs.).

The "W. E. Wallace Memorial Prize" for the candidate in the Final examination in June of each year whose paper on Secretarial Practice secures the highest marks was awarded to Maurice James Pelham (London).

The "James William Slack" Prizes for the best candidate in the Intermediate and in the Final examination in the Liverpool and Manchester areas respectively, which were awarded for the first time at the examinations last June, were secured as follows :—

Liverpool.

Intermediate .. Arthur T. Simon (Liverpool).
Final .. .. John Woodward (St. Helens).

Manchester.

Intermediate .. Alexander N. MacCaig (Manchester).
Final .. .. Tom Bolton (Great Harwood).

Language Prizes were awarded as follows :—

December, 1928 : In the Final examination, two for French. In the Intermediate examination, one for French and one for German.

June, 1929 : In the Final examination, four for French. In the Intermediate examination, two for French and one for Dutch.

Twenty candidates qualified for the prizes offered by the Council annually in June to the best pass candidates in the Intermediate and Final examinations attending 75 per cent. in complete Chartered Secretaries courses of instruction provided at technical colleges.

STUDENTS.

The number of students, including articled clerks, registered during the year was 1,377. The total number on the Students' Register at August 31st was 6,167.

UNIVERSITY COURSES.

The lectures in Secretarial Practice, established by the Institute at the Universities of London, Sheffield, Durham (at Armstrong College, Newcastle-on-Tyne), and Edinburgh, have been continued, and are appreciated by students in those areas.

TECHNICAL COLLEGE COURSES.

The experimental arrangement authorised by the Council whereby a pass in certain subjects, limited to three, in the sessional examinations of colleges of commerce is recognised in lieu of a pass in the same subjects of the Intermediate Examination, has been continued until June, 1930, to the colleges named below :—

The City of London College ; City of Birmingham Commercial College ; Bradford Technical College ; Cardiff Technical College ; Glasgow and West of Scotland Commercial College ; Leeds College of Commerce ; Liverpool City School of Commerce ; The Polytechnic, Regent Street (London).

Also the following institutions have been added to the list for the same concession for the like period :—

Huddersfield Technical College ; and Manchester High School of Commerce.

The operation of the foregoing concession, which was referred to with approval in the recent Report of the Board of Education Committee on Examinations for Part-time Students, will be studied carefully during the year.

EXAMINATION SYLLABUS.

The syllabus of the Preliminary, Intermediate, and Final examinations has been reviewed in consultation with representatives of the Board of Education, the Association of Principals of Technical Institutions, and the London County Council, and the following conclusions have been reached :—

The subjects of the Preliminary examination test will be : (i) English ; (ii) Arithmetic ; (iii) Geography or History ; (iv) One of the following :—Geography or History if not taken under (iii) ; or Latin ; or French ; or German ; or Spanish ; or Algebra and Geometry (one subject).

The revisions in the Intermediate examination are (*a*) the inclusion of a paper on English (which will embrace tests in composition as well as in commercial correspondence, précis writing and drafting reports), and (*b*) the inclusion as a compulsory subject of Economics which has been hitherto alternative to a foreign language, and (*c*) the inclusion of Commercial Arithmetic (which hitherto has been compulsory) as an alternative to a foreign language, (*d*) the addition of the Law of Rating and the Law relating to Building Societies, to the alternative law subjects.

Accordingly, the subjects of the Intermediate Examination test will be :—(i) English ; (ii) Secretarial Practice; (iii) Accountancy ; (iv) Mercantile Law ; (v) One of the following subjects :—The Law relating to Companies, to Local Government and Municipalities, to Education, to Railways, to Shipping, to Gas, or Water, or Electricity Supply or other similar undertakings, to Insurance, to

Lunacy, to Rating, to Building Societies, to Real and Personal Property, or other branch of law approved by the Council; (vi) Economics; (vii) Commercial Arithmetic, or a foreign language.

The revisions in the Final examination are (*a*) the combining of the present subjects of Secretarial Practice and of Law of Meetings into one called Secretarial Practice (with two papers), and (*b*) increasing the alternative Law subjects as in the Intermediate. Accordingly, the Final examination test will be as from June, 1931.—(i) Secretarial Practice (two papers); (ii) Accountancy; (iii) Mercantile Law; (iv) One of the following subjects:—The law relating to Companies, to Local Government and Municipalities, to Education, to Railways, to Shipping, to Gas, or Water, or Electricity Supply, or other similar undertakings, to Insurance, to Lunacy, to Rating, to Building Societies, to Real and Personal Property, or other branch of law approved by the Council; (v) Economics; (vi) Banking and Exchange, or a foreign language.

The Institute of Bankers has agreed to accept the Preliminary examination certificate of the Chartered Institute of Secretaries as exempting the holder from the "Qualifying" (or Preliminary) examination of that Institute.

The Institute of Bankers has decided also to exempt from Economics and English Composition in Part I of its Associateship examination holders of the Final certificate of the Chartered Institute of Secretaries.

Reciprocally, the Chartered Institute of Secretaries has extended to those who have passed the Final examination of the Institute of Bankers the concession in Rule 6 of the Intermediate examination of a pass in the examination on four out of the prescribed seven subjects.

The concession in this rule (*b*) has been extended also during the year to the following in addition to those already specified in the examination regulations:—Membership examination of the Institute of Bankers in Scotland and the Diploma of the Faculty of Commerce and graduates in arts, law or science of the Universities of McGill (Province of Quebec), Toronto (Ontario), Sydney (New South Wales), and Melbourne (Victoria).

Dividend Request.

The Council of the Institute of Chartered Accountants has conveyed its opinion that in order to avoid inconvenience and with a view to following a uniform practice so far as possible, it is desirable that a common form of Dividend Request be adopted by all companies. The special Committee of the Council on "Secretarial Practice" will confer with the Institute's legal advisers and the other bodies concerned on the wording of a form to meet all reasonable requirements of companies.

Autumn Meeting.

The autumn meeting of the Institute will take place on November 12th and 13th.

On Tuesday, the 12th, at 5.30 p.m., the annual general meeting will be held at the Hall of the Institute, 6, London Wall, when the President, in submitting the Report of the Council for the year, will deliver his Presidential Address.

On Wednesday, the 13th, a visit will be paid in the morning to the works and staff welfare centre of Messrs. J. Lyons & Co., Limited, at Greenford, Middlesex.

The dinner will take place in Guildhall on Wednesday, the 13th, at 7.30 o'clock.

The official guests will include the Lord Chief Justice (Rt. Hon. Lord Hewart), Mr. Justice Bateson, Sir Alfred Hopkinson, K.C., M.P., Sir Charles Addis, K.C.M.G., Sir Harry McGowan, K.B.E., Sir Edward Wallington, K.C.V.O., C.M.G., Sir William Plender, Bart., G.B.E. (President of the Institute of Chartered Accountants), Mr. Thomas Keens (President of the Society of Incorporated Accountants and Auditors), Sir Josiah Stamp, G.B.E., Sir Malcolm Hogg, Mr. Holland Martin (President of the Institute of Bankers), His Honour Judge Shewell Cooper, and representatives of several other kindred institutes and societies and of the Livery Companies.

Prior to the dinner there will be a reception in the Art Gallery of the Corporation (adjoining), where the members and the guests will be received at 7 o'clock.

Society of Incorporated Accountants and Auditors.

MEMBERSHIP.

The following additions to, and promotions in, the Membership of the Society have been completed since our August issue:—

ASSOCIATES TO FELLOWS.

Cox, Harry James (H. J. Cox & Co.), Cardiff Chambers, 4, Cardiff Road, Luton, Practising Accountant.

Dalal, Ruttonshaw Pestonjee (R. P. Dalal & Co.), Navsari Chambers, Outram Road, Fort, Bombay, Practising Accountant.

Hawkins, Albert Cropp, Post Office Chambers, Congleton, Practising Accountant.

ASSOCIATES.

Adams, Reginald, Clerk to Wilkinson & Mellor, Finsbury Court, Finsbury Pavement, London, E.C.2.

Atkinson, William Henry, Clerk to H. W. Holland, 27, Cannon Street, London, E.C.4.

Auerbach, Joel, Old Trinity House, Water Lane, London, E.C.3, Practising Accountant.

Battershall, George William, Clerk to Philip E. Farr & Co., 70A, Basinghall Street, London, E.C.2.

Bean, James Hodgson, H.M. Inspector of Taxes, 15, New Road, Rochester.

Beckford, Ernest Walter, Clerk to C. S. Freake, 57, Union Street, East London, South Africa.

Berman, Meyer, Clerk to Levy & Co., 106, Adderley Street, Cape Town, South Africa.

Brayshaw, Wilfred Stanley, Barclays Bank Chambers, Manor Square, Otley, Practising Accountant.

Butterworth, Edgar, Clerk to Moss & Williamson, Market Place, Ashton-under-Lyne.

Carson, David Tweed, A.C.A. (James Baird & Co.), 11, High Street, Ballymena, Ireland, Practising Accountant.

Chinn, Alfred William, Clerk to Wilfred Tullett, Market Place, Darlington.

Connor, Harold Denny, Accountant Officer, Royal Air Force, Air Ministry, Kingsway, London, W.C.2.

Cooke, John Scarlett, B.A., A.C.A. (R. H. Bridgwater & Co.), 3, New Street, Birmingham, Practising Accountant.

Cross, Ronald Thomas Walter, Clerk to Ashmole, Edwards & Goskar, 61, Wind Street, Swansea.

Dadachanji, Tehmurasp Ardesar, Clerk to Gharda, Davar & Co., Esplanade Road, Fort, Bombay.

Davies, Benjamin, Clerk to Parsons & Jolliffe, Lloyds Bank Chambers, Blackwood (Mon.).

DOWNING, CHARLES CECIL, Clerk to P. W. Turquand, 1, Broad Street Buildings, London, E.C.2.

DOLAMORE, FREDERICK EDWARD, H.M. Inspector of Taxes, St. Giles's District, Russell Street, London, W.C.2.

DUGGAN, ALLAN PRICE, Accountant, Llantrisant and Llantwit Fardre Rural District Council, Council Offices, Pontyclun, Glam.

GARLAND, HARRY WOODHOUSE, Clerk to Rawlinson, Allen & White, 22A, Donegall Place, Belfast.

GIBSON, ALBERT VINCENT, Ministry of Labour, Finance Department, Kew, Surrey.

GIBSON, FREDERICK, Clerk to Metcalf, McKenzie and Ingram, 32, West Sunniside, Sunderland.

HALL, GEORGE ERNEST, Clerk to Charles Eves, Lord & Co., Capel House, 62, New Broad Street, London, E.C.2.

HALL, LESLIE, Clerk to Keens, Shay, Keens & Co., 11, George Street West, Luton.

HARDY, NORMAN, Clerk to Thoseby, Son & Co., District Bank Chambers, Market Street, Bradford.

HARLING, WILLIAM, Clerk to James Todd, 18, Birley Street, Blackpool.

HARRISON, CYRIL, Clerk to Forster, Scollick & Co., Pearl Buildings, Northumberland Street, Newcastle-on-Tyne.

HAYWARD, REGINALD, Clerk to John Murphy & Co., Union Bank Chambers, Bridge Street, Stockport.

HOLGATE, WILLIAM JOHN, A.C.A. (R. Duncan French and Co.), 14, North John Street, Liverpool, Practising Accountant.

KENNEDY-WILSON, ALICK, Clerk to G. W. Spencer & Co., 10, Bush Lane, London, E.C.4.

KETCHLEE, BENJAMIN JOHN, Clerk to Spence, Paynter and Morris, 6, Wardrobe Place, Doctors' Commons, London, E.C.4.

LICHFIELD, SIDNEY JOHN, Treasurer's Department, Wilts County Council, Trowbridge.

LINCOLN, CHARLES DUDLEY, Clerk to O. N. Holmes, Corridor Chambers, Market Place, Leicester.

LONGHURST, ERNEST WALTER, Clerk to Pawley & Malyon. Finsbury Court, Finsbury Pavement, London, E.C.2,

MAINSTONE, ROWLAND, Borough Treasurer's Department, Chesterfield.

MATTHEWS, EDGAR JAMES, Clerk to J. Elkington & Co., 30, Frederick Street, Cardiff.

MUNDY, VICTOR GEORGE, Clerk to Duart-Smith, Baker & Price, Albion House, King Street, Gloucester.

OLLIFFE, WILLIAM CHARLES, Clerk to W. G. Olliffe, 8, Bush Lane, Cannon Street, London, E.C.4.

PERKINS, LEONARD GILES, Clerk to G. E. McCanlis & Co., Oxford House, 9-15, Oxford Street, London, W.1.

PLATTS, HARRY BENNETT, Clerk to Bradfield, Dominy & Flint, Friary Chambers, Friar Lane, Nottingham.

POLLITT, JOHN KENSEY, Clerk to Edmonds, Clove & Jones, Barclays Bank Chambers, Terminus Road, Eastbourne.

RIDLEY, GEORGE (Ridley & Ridley), 34, Grey Street, Newcastle-on-Tyne, Practising Accountant.

RILEY, ALEXANDER LEWIS, Clerk to Carter & Co., 16, Dame Street, Dublin.

ROBERTS, JOHN RUSSELL, Clerk to A. E. Picot, Trinity Chambers, Hill Street, St. Helier, Jersey.

ROBINS, EDGAR LESLIE, Clerk to Reginald L. Tayler and Co., Coventry House, South Place, Moorgate, London, E.C.2.

SANDERS, THOMAS SMITH (Kidger, Greenland & Co.), Priory Buildings, Union Street, Oldham, Practising Accountant.

SAUNDERS, JAMES THEODORE, Clerk to Layton-Bennett, Chiene & Tait, 3, London Wall Buildings, London, E.C.2.

SMITH, GILBERT VERITY, County Accountant's Department, Norfolk County Council, Shirehouse, Norwich.

SMITH, RALPH LISTER, c/o Bingley Building Society, Bingley, Yorks (formerly Clerk to Smith & Hayward, Tyrrel Street, Bradford).

STONE, EDWARD, Clerk to H. Townsend, 16, Weston Park, London, N.8.

STRINGER, FREDERICK GORDON, Clerk to Deloitte, Plender, Sydney, Merritt & Co., Casilla 1840, Lima, Peru.

TRUMP, THOMAS HENRY, Clerk to Alban & Lamb, Central Chambers, Newport (Mon.).

TURNER, HAROLD, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.

WALKDEN, BERNARD, Clerk to Fred. A. Fitton & Co., British Dominions House, 30, Cross Street, Manchester.

WARD, FRANK WILLIAM THOMAS, Clerk to Percy Mason & Co., 64, Gresham Street, London, E.C.2.

WATTS, JOHN HENRY, Clerk to Price, Waterhouse & Co., 47, Avenue de l'Opéra, Paris.

WILMOT, JOSEPH EDWIN, Clerk to Binder, Hamlyn & Co., River Plate House, 12-13, South Place, London, E.C.2.

WOOD, KENNETH TAYLOR, Clerk to Laurence, Hann & Pest, Cross Keys House, 56, Moorgate, London, E.C.2.

INCORPORATED ACCOUNTANTS' DANCE.

In response to many requests, brought about by the success of the inaugural dance after the opening of Incorporated Accountants' Hall by H.R.H. the Duke of York, a dance will be held, by kind permission of the Council of the Society of Incorporated Accountants and Auditors, at Incorporated Accountants' Hall on Wednesday, November 20th, 1929, from 9 p.m. to 2 a.m.

Tickets (strictly limited to 200) are 10s. each, including refreshments. Applications should be sent at once, accompanied by the necessary remittance, to Mr. J. R. W. Alexander, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2.

INCORPORATED ACCOUNTANTS' GOLFING SOCIETY.

Autumn Meeting.

Several good scores and a close finish were witnessed at the autumn meeting of the Incorporated Accountants' Golfing Society at Purley Downs Golf Club on October 16th.

In the competition for the prize presented by the Captain, Mr. W. McIntosh Whyte, there was a tie between Mr. H. I. Godfrey (89 less 11—78) and Mr. James Cresswell (95 less 17—78). Bogie was 77. The tie was played off by match play and won on the last green by Mr. H. I. Godfrey, who took the Captain's prize, Mr. James Cresswell taking the second prize, presented by the Society.

The meeting took place in excellent weather, and amongst the members who attended were Mr. W. McIntosh Whyte (Captain ; 89 less 9—80), Mr. Thomas Keens, Mr. Henry Morgan, Mr. W. H. Payne, Mr. Arthur Collins, Mr. B. L. Clarke-Lens, Mr. T. F. Grundy (98 less 19—79), Mr. John James, Mr. L. Jordan, Mr. P. F. Keens, Mr. C. W. Legge, Mr. E. Long, Mr. Marshall, Mr. A. W. McGowan, Mr. George Palmer, Mr. Arthur Whale, and the Joint Honorary Secretaries, Mr. A. T. Keens (85 less 6—79) and Mr. J. R. W. Alexander.

Applications for membership of the Incorporated Accountants' Golfing Society should be sent, accompanied by the annual subscription of 10s., to the Joint Honorary Secretaries at Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2.

Reviews.

A Summary of Executorship Law. *4th Edition. By E. Westby-Nunn, B.A., LL.B., and E. Miles Taylor, F.C.A., F.S.A.A. London: Macdonald & Evans, 8, John Street, Bedford Row, W.C.1.* (86 *pp.*)

This little book is designed for the examination student, and is compiled in a very concise form, only very brief information being given under each heading. At the same time the whole range of the law on the subject is covered, and anyone desiring to obtain general information quickly will have little difficulty in finding it here.

Duties and Liabilities of Trustees in Bankruptcy and Under Deeds of Arrangement. *By A. Roper, Barrister-at-Law. London: Sweet & Maxwell, 2-3, Chancery Lane, W.C.2.* (772 *pp. Price* £2 2*s. net.*)

Mr. Roper has evidently devoted a great deal of time and trouble to the compilation of this book, which is somewhat out of the ordinary. An important feature is that the forms and notices bearing upon the contents of each chapter are included in the text, so that they can be followed much more readily than by a general appendix of forms at the end of the book. Deeds of arrangement are discussed at considerable length, and the forms in this case are treated in the same way. In an appendix the Board of Trade Regulations under the Bankruptcy Act are reproduced, as well as the circular issue to members of the Committee of Inspection. Trustees in bankruptcy and under deeds of arrangement will find in this book practically all the information they are likely to require.

Law of Income Tax. *4th Edition. By E. M. Konstam, K.C. London: Stevens & Sons, Limited,* 119-120, *Chancery Lane, W.C.2, and Sweet & Maxwell, Limited,* 2-3, *Chancery Lane, W.C.2.* (672 *pp. Price* £2 2*s. net.*)

The whole law in relation to Income Tax and Sur Tax as embodied in the various Acts up to and including 1929 is comprised in this publication. The appendix contains the text of the Income Tax Act, 1918, and of the subsequent Finance Acts in so far as they relate to Income Tax, Super Tax and Sur Tax. This will be found useful for easy reference. In dealing with the statutory provisions and the decided cases the author has given his own opinion as to the interpretation where doubt exists, pointing out any decisions which seem to him to be contradictory or to overlap. The whole field of Income Tax and Sur Tax is covered, and the book is provided with a full index.

Income Tax and Sur Tax. *By E. Miles Taylor, F.C.A., F.S.A.A., and Victor H. M. Bayley, A.C.A., A.S.A.A. London: Macdonald & Evans, 8, John Street, Bedford Row, W.C.1.* (328 *pp.*)

This is another book on the subject of Income Tax law and practice. It is compiled in a somewhat different form from Mr. Konstam's larger publication referred to above, and deals with matters more from the accountant's point of view, numerous illustrations being given of the working out of computations. The appendix contains particulars with regard to interest paid to building societies, and an explanation as to Income Tax deduction to be shown on dividend warrants, &c., with examples of warrant forms.

General Commercial Knowledge for Examiners. *3rd Edition. By E. Miles Taylor, F.C.A., F.S.A.A., and Victor H. M. Bayley, A.C.A., A.S.A.A. London: Macdonald & Evans, 8, John Street, Bedford Row, W.C.1.* (250 *pp.*)

Examination candidates will find in this book a useful collection of notes on matters likely to be embraced in examination papers on general commercial knowledge. The contents include such matters as Office Records, Customs and Excise, the constitution and development of Chambers of Commerce, Money and Currency, the Money Market, Municipal Revenue, the principal London Markets, &c. The object is to anticipate, as far as possible, the questions which are likely to be asked, and the authors have covered a fairly wide field.

Everyday Statutes Annotated. *By S. E. Williams, Barrister-at-Law. London: Sweet & Maxwell, Limited,* 2-3, *Chancery Lane, W.C.2.* (*In* 4 *volumes. Price* £8 8*s. per set.*)

The third and fourth volumes of this publication have now been issued. Amongst the subjects covered are the Statutes of Limitations, Married Women's Property Acts, Master and Servant, Property Law, Shipping, Stamps and Trade Marks, Trustees and Wills, Workmen's Compensation, and the Companies Acts. These volumes complete the set and embody a very useful abridgment of Statutes which were in force on January 1st, 1929, and which are calculated to be of practical utility in relation to questions that arise from day to day.

Procedure at Meetings. *11th Edition. By Albert Crew. London: Jordan & Sons, Limited,* 116-118, *Chancery Lane, W.C.2.* (348 *pp. Price* 5*s. net.*)

The Companies Act, 1929, has necessitated a revision of this book, as important changes in the law and practice have been made in relation to the convening of, and representation at, company meetings and other matters. These alterations are incorporated by Mr. Crew in this edition, and particular attention has been directed to the compilation of a comprehensive index. Mr. Crew is a recognised authority on this subject.

Fletcher Moulton's Companion to the Companies Act, 1929. *By the Hon. H. Fletcher Moulton, Barrister-at-Law. London: Eyre & Spottiswoode (Publishers) Limited,* 6, *Great New Street, E.C.4.* (228 *pp. Price* 15*s. net.*)

The object of this book is to throw some light on the more obscure sections of the new Companies Act, in which the author says that the phraseology is in many instances far from clear, while there are mysterious differences of wording in parallel sections which may some day require to be interpreted by the House of Lords. In a concluding chapter Mr. A. E. Cutforth, F.C.A., deals with the method of keeping accounts and rendering balance-sheets.

The Principles and Arithmetic of Foreign Exchange. *5th Edition. By S. Evelyn Thomas, B.Com. (Lond.). London: Macdonald & Evans, 8, John Street, Bedford Row, W.C.1.* (602 *pp. Price* 8*s.* 6*d. net.*)

Anyone concerned with foreign exchanges will find in this publication information upon almost any point. It is a comprehensive treatise dealing with the subject in all its aspects. Examples are given where deemed useful to illustrate the text. In Chapter 19 there is incorporated a table of foreign exchanges of all the principal countries of the world, and the appendix contains a long list of abbreviations used in connection with exchange and banking matters.

Partnership Law. *4th Edition. By D. F. de l'Hoste Ranking, M.A., LL.D., Ernest Evan Spicer, F.C.A., and Ernest C. Pegler, F.C.A. London: H. F. L. (Publishers) Limited,* 17, *Ironmonger Lane, E.C.2.* (152 *pp. Price* 7*s.* 6*d. net.*)

In issuing the present edition the authors have taken the opportunity to revise the text throughout, and to include all recent decisions bearing on the subject. Otherwise the book, which is well known, is largely in the same form as hitherto.

Landed Estate Accounts. *By C. S. Orwin and H. W. Kersey. Cambridge University Press.* (48 *pp. Price* 3*s.* 6*d. net.*)

There is very little literature dealing with the subject of landed estates, hence Mr. Orwin's book will be found extremely useful. Following the introductory chapter,

a description is given of the account books required and an example of one year's estate accounts. An idea of the scope of the work may be gathered from the titles of some of the ledger accounts, as for instance Tithes and Corn Rents, Rates and Taxes, Sporting, Woodlands, Management, Rents and Estate Charges. The same author has also published books on farm accounts and farming costs, which are issued by the same publishers.

An Executor's Accounts. *3rd Edition. By E. Miles Taylor, F.C.A., F.S.A.A., and C. L. Lawton, A.C.A. London: Textbooks, Limited, 18, Coleman Street, E.C.2.* (198 *pp.*)

This book deals very completely, although in brief form, with the whole range of executors' accounts. It is produced on the same lines as the previous edition which appears to have met with a good deal of appreciation. Suggestions which have been received from readers have led the authors to amend the text on a few minor points. Amongst the matters dealt with are the principles on which executors' accounts are written up and the troublesome question of apportionment.

ACCOUNTS OF TRADE UNIONS.

The following are extracts from the Report of the Chief Registrar of Friendly Societies on Trade Unions for the year 1928 :—

ANNUAL RETURNS.

As a result of the examination of the annual returns it was found necessary to send back a number for correction, chiefly on account of differences in the particulars brought forward from the previous year or inaccurate or incomplete accounts. Annual returns were not, however, generally returned for correction if the information required could be obtained by other means, and it was found possible to deal with many cases by inquiries only or by scrutiny of printed accounts.

Last year's Report dealt in some detail with the South Wales and Monmouthshire Master Hauliers' and Traffic Foremen's Association, whose annual return for 1926 was rejected, and with the subsequent proceedings against the union. A correct return has now been received, together with the return for 1927, and the report of the public auditor who, as the result of suggestions from the Registrar, was employed to investigate its accounts. Following are extracts from his report, which covered the years 1926 and 1927 :—

> The system adopted for recording the financial records of the Association is very unsatisfactory.
>
> The records kept by the Association and produced for my investigation were as follows :—
>
> (*a*) A Cash Received Book showing the moneys received from the Lodges and their payment to bank or to the treasurer for his petty cash account.
>
> (*b*) A Cash Payments Book recording payments made by cheque or by cash. This book was kept in a very mixed way, but the bulk of the payments were duly vouched.
>
> (*c*) Bank Pass Books.
>
> (*d*) Dockets received from Lodge Secretaries recording the contributions received, a deduction for expenses, and the amounts remitted to the head office or to bank, but unfortunately these were rather incomplete, and not kept in such a manner as to be easily traceable.
>
> I have not come across anything which would suggest dishonesty on the part of the officials, and it appears to me that the present position is due to inexperience and laxity.
>
> A large number of items in the returns have had to be grouped owing to insufficient detail being available to analyse same and it has, therefore, been impossible to ascertain the true position of each fund at the end of each year.
>
> No proper record as to the membership has been available.
>
> No Minute Book has been kept.

The auditor also reported that more cash was banked than was recorded in the books in 1926 by £9 9s. 7d., and in 1927 by £62 18s. 10d., and that it was not possible in either year to distribute the contributions to the various funds correctly.

The union was advised by the Registrar early in 1925 to avail itself of the services of a public auditor or to obtain other professional assistance. It did not act on the advice offered, but continued to choose its auditors from amongst its members. The accounts commented upon above were, in the first instance, audited by members at a cost of £16 11s. 8d. for 1926, and £10 18s. 11d. for 1927, but it is evident that these persons were quite incompetent to perform the duties for which they were chosen, and that the large fees which they received represented money wasted so far as the value of their services to the union was concerned.

DEFALCATIONS.

The following cases of defalcation emphasise the necessity for the proper supervision of officers entrusted with the control of money :—

(1) "*Altogether*" *Builders' Labourers' and Constructional Workers' Society.*—The annual return of this union showed defalcations of £479 6s. 10½d. and £237 3s. 8d. on account of the head office and branches, respectively. The writing off of an amount for "Defalcations" is a regular feature of the accounts of this union, as defalcations are of frequent occurrence, and it is its practice to write them off at the end of each year, and, subsequently, to bring back any amount recovered. The amount of £479 6s. 10½d. was the balance due from the general secretary of the union. Of this amount, £250 was subsequently recovered from him, and he has been dismissed from office. As he was guaranteed the balance due has also been recovered. In regard to the other amount, legal proceedings, in most cases, have been taken, or are being taken against the officials concerned.

(2) *Society of Lithographic Artists, Designers, Engravers and Process Workers.*—In this case the annual return showed defalcations amounting to £470 18s., by two branch officials. The members from sympathetic feelings opposed criminal action, and civil proceedings only were taken. Orders were obtained for repayment by the two officials concerned.

(3) *Amalgamated Engineering Union.*—The annual return of this union showed "errors and deficiencies" amounting to £915 6s. 4½d. written off in respect of its branches. Part of the amount related to defalcations by officials. In some instances, the officials were prosecuted and received terms of imprisonment, and in others arrangements have been made to repay the money. As a result of the union's experience of defalcations and lax administration of its branches, audits of branch accounts are now undertaken by an audit department of the head office.

(4) *Scottish Painters' Society.*—This union found it necessary to write off £331 as defalcations of various officers. The several cases had been dealt with by the union as follows :—

(*a*) Of an original deficit of £276, the union had recovered £77. The defaulter was prosecuted and sentenced to three months' imprisonment. The balance of £199 was written off.

(*b*) Two officers were responsible for a deficit of £51. Both were prosecuted and received a month's imprisonment. Only the legal expenses were recovered. One of the defaulters is now dead.

(*c*) An officer was responsible for a defalcation of £47. He was sentenced to three months' imprisonment. Nothing was recovered and his address is unknown.

(*d*) Another officer defaulted to the extent of £34. Proceedings were taken in the Sheriff Court, and he was sentenced to 21 months' imprisonment. Nothing was recovered.

(5) *Amalgamated Society of Wood-Cutting Machinists.*—The annual return of this union showed defalcations amounting to £113 4s. 11d. On inquiry it was ascertained that this sum was made up of amounts due from the secretary and treasurer of a branch. Agreements have been entered into by which the defaulters have undertaken to repay the amounts due from them at the rate of 12s. 6d. per week.

(6) *Iron, Steel and Metal Dressers' Trade Society.*—An amount of £52 10s. 5d. was due from a branch official of this union, and as a result of proceedings in the Manchester City Police Court an order was made that he should forthwith repay the amount, together with a fine of 20s. and 20s. costs, or in default of such payment be committed to prison for 49 days.

Dublin Incorporated Accountants' Students' Society.

Syllabus, 1929-30.

1929.	
Oct. 10th.	Mock Income Tax Appeal before the Commissioners.
Oct. 24th.	"Government Accounts and Finance," by Mr. E. M. Forde.
Nov. 14th.	"Auditing," by Mr. A. C. Storey, F.S.A.A.
Nov. 28th.	Three Short Papers by Students—Mr. G. J. Moore, Mr. H. McHoul, Mr. R. A. Kidney.
Dec. 12th.	"Limited Liability Companies," by Mr. R. Bell, F.S.A.A., Belfast.
1930.	
Jan. 8th.	"Some Notes on Executorship Accounts," by Mr. W. B. Butler, B.L.
Jan. 23rd.	"The Law Relating to Income Tax Arrears," by Mr. C. P. McCarthy, M.Com., F.S.A.A., Cork.
Feb. 13th.	Debate with Dublin Society of Chartered Accountants (Student Members). "That the Duties Imposed by Statute on Auditors and Accountants are unduly onerous."
Mar. 6th.	"Economics—The Theory of Wages," by Rev. J. Canavan, S.J.

Meetings will be held at 6 p.m. at Jury's Hotel, College Green, Dublin.

District Societies of Incorporated Accountants.

BIRMINGHAM AND MIDLAND.

The thirty-eighth annual general meeting of this Society was held on September 27th, at the Imperial Hotel, Birmingham. The chair was taken by the President of the Society, Mr. E. T. Kerr, F.S.A.A.

The annual report and financial statement was approved and adopted, and the following officers were elected for the ensuing year :—

President : Mr. Ernest T. Kerr, F.S.A.A. Vice-Presidents : Mr. J. W. Blackham, F.S.A.A., Mr. J. Bridgwater, F.S.A.A., Mr. J. R. Johnson, F.S.A.A., Mr. H. Harcourt, F.S.A.A., Mr. F. M. Hawnt, F.S.A.A., F.C.I.S., Lieut.-Col. T. E. Lowe, O.B.E., J.P., F.S.A.A. Council : The President, the Vice-Presidents, Mr. A. P. Bardell, A.S.A.A. (Birmingham), Mr. D. E. Campbell, F.S.A.A. (Wolverhampton), Mr. P. R. Forrest Groves, F.S.A.A. (Shrewsbury), Mr. T. Hannibal, F.S.A.A. (Birmingham), Mr. W. L. Hands, A.S.A.A. (Birmingham), Mr. G. Horton, A.S.A.A., Hon. Treasurer (Birmingham), Mr. H. M. James, F.S.A.A. (Coventry), Mr. F. W. Picken, F.S.A.A. (Birmingham), Mr. T. H. Platts, F.S.A.A., Hon. Secretary (Birmingham), Mr. C. N. Rowe, A.S.A.A. (Worcester), Mr. W. S. Turner, F.S.A.A. (Birmingham), Educational Committee : Mr. A. P. Bardell, A.S.A.A., Mr. H. M. James, F.S.A.A., Mr. T. Hannibal, F.S.A.A., Mr. E. N. Barnett, A.S.A.A., Mr. W. R. Shaw, Mr. W. W. Williams. Hon. Secretary : Mr. T. Harold Platts, F.S.A.A. Hon. Treasurer : Mr. G. Horton, A.S.A.A. Hon. Librarian : Mr. A. J. Brailsford, A.S.A.A. Hon. Auditors : Mr. E. T. Brown, F.S.A.A., Mr. G. D. Budd. Students' Section.—President : Mr. Ernest T. Kerr, F.S.A.A. Committee : Mr. O. Appleby, Mr. A. L. Mayhew, Mr. E. G. Bolus, Mr. G. D. Budd, Mr. E. F. Beardsmore, Mr. W. W. Williams (Hon. Secretary), Mr. W. T. Gay (Assistant Hon. Librarian). Hon. Secretary : Mr. W. W. Williams. Assistant Hon. Librarian : Mr. W. T. Gay.

It was then proposed that the students' entrance fee should be 5s. and the annual subscription 7s. 6d., in accordance with the other District Societies. After some discussion the resolution was passed.

The Secretary proceeded to explain the working of the District Societies Scheme, which came into force on January 1st, 1929.

The attention of students was called to Bye-law 24 as follows :—"Subject as hereinafter in this Bye-law mentioned a Candidate in England, Wales, Scotland or Ireland, within three months after passing the Preliminary examination or after obtaining exemption from the Preliminary examination, under the provisions of Bye-law 5, shall become a member of the Students' Section of a Branch or District Society of the Society, or a member of an Incorporated Accountants' Students' Society. The Examination and Membership Committee of the Council may in exceptional circumstances exempt a Candidate from the operation of this Bye-law. A Candidate submitting an application to sit for the Intermediate examination shall forward with such application a certificate by the Secretary of such Branch, District or Students' Society of compliance with the Bye-law."

The meeting terminated with a vote of thanks to Mr. Kerr for his conduct in the chair.

A smoking concert followed and was well appreciated.

Syllabus of Lectures, 1929-30.

The following Syllabus of Lectures and Meetings have been arranged for the coming session :—

1929.

Oct. 11th. "Banker and Customer," by Mr. T. E. Hurst, A.I.B. This lecture is by invitation of the Birmingham Chartered Accountant Students' Society, and will be held at the Chamber of Commerce, New Street, Birmingham, at 6 o'clock.

Oct. (weekly). Pre-examination meetings of students.

Nov. 15th. Annual Dinner at the Queen's Hotel. Details will be announced later.

Nov. 29th. "The Companies Act, 1929," by Mr. H. W. Jordan. The Birmingham Chartered Accountants' Society, the Birmingham Chartered Accountant Students' Society, the Birmingham and District Branch of the Chartered Institute of Secretaries, and the Birmingham Law Society have been invited to this lecture. It will be held at the Chamber of Commerce, New Street, Birmingham, at 6.30 p.m.

1930.

Jan. 15th. "Industrial Co-partnership and Profit Sharing," by Mr. E. W. Mundy, B.A. (of the Industrial Co-partnership Association). This lecture is by invitation of the Birmingham and District Branch of the Chartered Institute of Secretaries, and will be held at 110, Colmore Row, Birmingham, commencing at 6.30 p.m.

Jan. 24th. "Income Tax," by Mr. H. A. R. J. Wilson, A.C.A., A.S.A.A.

Feb. 28th. "Investigations," by Mr. E. Miles Taylor, F.C.A., F.S.A.A.

Mar. 14th. "Some Points in Income Tax Practice," by Mr. P. Barnes, H.M. Inspector of Taxes, Birmingham 1st District.

April (weekly). Pre-examination meetings of students.

BRADFORD.

Annual Report.

The Committee in submitting their Report refer in appreciative terms to the opening of Incorporated Accountants' Hall and the District Societies' Scheme.

Examination Candidates.

A further change in organisation has been brought about by the passing of a new Bye-Law (No. 24), which provides that every candidate for the Intermediate or Final examinations must provide evidence of membership of a District Society before permission to sit for the examination is granted. This means, of course, that the rising generation of Incorporated Accountants will acquire an intimacy with the District Society work which many of the present practising members lack. It is recognised that some students will be at a distance from the District Society office, but it is hoped that they will consider it a duty to attend at least one meeting each session.

Lectures.

During the year lectures were delivered on various topics as shown by the syllabus below :—

"The Hall Mark of Accountancy," by Mr. Robert Meadows.

"Some Thoughts on Accounts and Financial Statements," by Mr. Victor Walton, F.C.A.

Debate with members of the Bradford Chartered Accountant Students' Association and the Bradford Law Students' Society.

Debate with student members of the Sheffield and District Incorporated Accountants' Society, at Sheffield.

"Law Reports—their use to Students and Practitioners," by Mr. W. Summerfield, M.A., B.C.L., LL.B.

"The Duties and Liabilities of Auditors," by Mr. Wilfred Grainger, F.S.A.A.

"Taxation, Rating and Industry," by Mr. Archibald Crawford, K.C.

The Bradford Chartered Accountants Students' Association kindly invited members to attend the following lectures :—

"Contracts," by Mr. J. W. Rayner.

"Practical Points on Income Tax, Schedule D, arising under the Finance Acts, 1926, 1927 and 1928," by Mr. A. E. Kavanagh, A.C.A.

The Bankers' Institute (Bradford Centre) also invited members to attend the following lectures :—

"Municipal Finance," by Mr. F. Ogden Whiteley, O.B.E., F.S.A.A.

"Foreign Bills," by Mr. M. S. Herries.

"Foreign Exchange," by Mr. M. S. Herries.

Coaching Classes.

The special classes preparing students for the Society's examinations, which are held at the Technical College, were continued during the year. A good number of students have attended with satisfactory results.

Annual Dinner.

The annual dinner was held at the Liberal Club, Bradford, on January 23rd, 1929, and proved a very enjoyable function. There was a good attendance of members and guests, including the Lord Mayor, the President of the Chamber of Commerce, and representatives of several kindred societies.

Monthly Luncheons.

The lunches which have been instituted this year were regularly attended by about 20 of the members. Interesting and useful addresses were delivered by Mr. Geo. R. Lawson, F.S.A.A., B.Com., on "The Companies Act, 1929, as affecting Voluntary Liquidations"; Mr. F. Ogden Whiteley, O.B.E., F.S.A.A., City Treasurer, on "The Local Government Finance Bill," and at a later luncheon on questions raised by members regarding De-Rating; Mr. Chas. Ogden, Editor, *Yorkshire Observer*, on "Factors that Count in Wool Safeguarding."

Out of the increased membership, brought about by the District Societies scheme, it is hoped that during the coming winter there will be a larger number who are able to attend, as the gathering affords an excellent opportunity of cultivating fellowship with one's *confrères* and discussing many points arising in one's practice, and matters of general professional interest.

The success of these meetings is largely due to the work of Mr. H. Mitchell Firth, F.S.A.A., as convener, and our best thanks are due to him for his services.

EXAMINATIONS.

The following members have been successful at the examinations of the Parent Society held during the year :—

Final.—November, 1928 : Mr. A. P. Burton. *Intermediate.*—November, 1928 : Mr. J. W. Barker, Mr. W. S. Wilson, Mr. A. L. Wright. May, 1929 : Mr. K. Beardsell, Mr. E. Leach. Hearty congratulations are tendered to all these members, and particularly to Mr. W. S. Wilson, who secured First Place in the Intermediate examination in November last.

CHAMBER OF COMMERCE.

Members are urged to take a more active interest in the affairs of the local Chamber of Commerce. Those who are not already members of the accountants' section should join up at once, as much useful information becomes available through this source. This, however, is not the only reason for membership. A wide sphere of service to the community and the profession is here available, and it is felt that members should be taking a more active part in this work than they do.

MEMBERSHIP.

The profession in general, and this District Society in particular, suffered a heavy loss in the death of Mr. Wm. Claridge, J.P., M.A., F.S.A.A. Mr. Claridge, who was President of the District Society from its formation in 1910 until 1926, did incalculable good for Incorporated Accountants. His long connection with the Parent Society as President, Member of the Council, and Examiner, placed him in an unique position for helping his fellow practitioners and students, which he was always glad to do.

Mr. Richard Head, F.S.A.A., one of the original members of the District Society, also died during the year after a long illness.

The number of members during the year shows a pleasing increase apart from the members brought in by the District Societies' scheme. The numbers are as follows :—

	Fellows.	Associates.	Students.	Total.
Membership last year	29	40	56	125
Less Died	2	—	—	2
Less Resigned ..	—	1	4	5
Less Transferred ..	—	2	5	7
	2	3	9	14
	27	37	47	111
Add Transferred ..	2	5	—	7
Add New Members..	—	2	16	18
	2	7	16	25
	29	44	63	136

COUNCIL'S DINNER.

The Hon. Secretary represented the Bradford District Society at the dinner given by the Council of the Society to Sir Josiah Stamp, G.B.E., Sc.D., LL.D., D.Sc., a Member and Examiner to the Society, on July 2nd, to mark the appreciation of the Society of the work of Sir Josiah Stamp, as British Representative on the recent Reparations Conference in Paris. The dinner was the first to be held in Incorporated Accountants' Hall, and the Library and the Great Hall proved most impressive settings for the brilliant gathering.

LEICESTER.

Syllabus of Lectures and Meetings.

1929.

Oct. 15th. "Duties and Liabilities of Auditors under the Companies Act, 1929," by Mr. W. H. Grainger, F.S.A.A. *Chairman :* Mr. R. M. Branson, F.S.A.A.

Nov. 13th. "Income Tax—Departures from the Normal Basis of Assessment," by Mr. R. V. Rodwell, F.C.A. *Chairman :* The President.

Dec. 4th. "Consequential Loss Insurance," by Mr. E. L. Butler, F.C.I.I. *Chairman :* Mr. H. T. Millman, F.S.A.A.

Dec. 17th. "Company Liquidations under the Companies Act, 1929," by Mr. E. Westby-Nunn, M.A., LL.B. *Chairman :* Mr. F. W. Fox, F.S.A.A.

1930.

Jan. 28th. "Accounts of Executors and Trustees," by Mr. A. Lester Boddington, F.S.S. *Chairman :* Mr. O. N. Holmes, A.S.A.A.

Feb. 11th. "Equitable Apportionments," by Mr. C. A. Sales, LL.B., F.S.A.A. *Chairman :* Mr. W. H. Rhodes, A.S.A.A.

Feb. 26th. "Typical Examination Questions in Accountancy," by Mr. E. Miles Taylor, F.C.A., F.S.A.A. *Chairman :* Mr. G. W. Sparrow, F.S.A.A.

Mar. 11th. "Income Tax—Recent changes in Law and Practice," by Mr. P. Kelly, H.M. Inspector of Taxes. *Chairman :* Mr. O. A. Watson, A.S.A.A.

Mar. 18th. "Holding Companies and their Accounts," by Mr. H. A. R. J. Wilson, A.C.A., A.S.A.A. *Chairman :* Mr. F. Dixon, A.C.A., A.S.A.A.

Lectures are held at the Turkey Café, Granby Street, Leicester, at 6 p.m.

NEWCASTLE-ON-TYNE.

Annual Report.

The Committee have pleasure in submitting the annual report and accounts for the year ended June 30th.

They desire to place on record a very cordial expression of thanks to those gentlemen who have so kindly delivered lectures to the District Society during the year ;] and to the Parent Society for a grant of £122 14s. 7d.

MEMBERSHIP.

A number of Fellows and Associates became members of the District Society during the year, as a result of the new scheme of reorganisation of Branch and District Societies carried through by the Parent Society, which came into operation on January 1st, 1929. The Committee extend a welcome to these members, and hope that they will give active support to the activities of the District Society.

The membership at June 30th was as follows :—

	Fellows.	Associates.	Total.
In Practice	37	32	69
Not in Practice	2	92	94
	39	124	163
Students			109
Total			272

PRIZES.

By resolution of Committee, dated August 25th, 1926, prizes, in the form of books approved by the President, will be given by the District Society to Student Members taking Honours at the Examinations, provided that the

candidate was actually a member of the District Society at the date of the examination. The value of the books will be as follows :—

FINAL EXAMINATION—			
1st place : Books to the value of	£3	3	0
All other Honours : Ditto ..	1	1	0
INTERMEDIATE EXAMINATION—			
1st place : Books to the value of	2	2	0
All other Honours : Ditto ..	1	1	0

LECTURES AND MEETINGS.

The following lectures were delivered during the year :—

"The Law Reports, their use to Students and Practitioners," by Mr. W. Summerfield, M.A., B.C.L., LL.B. (London).

"The Companies Act, 1928," by Dr. J. Charlesworth.

"Mock Shareholders' Meeting." Joint meeting with the North-East Coast Institute of Chartered Secretaries' Students' Society.

"Executorship Law and Accounts," by Mr. Wilfred H. Grainger, F.S.A.A. (The British College of Accountancy, London).

"Criticism of Prospectuses," by Mr. A. Lester Boddington.

"Practical Economics and its effect on Industrial Peace," by Capt. A. V. Shewell (The Economic League).

GENERAL.

With a view to further strengthening District Societies, a new bye-law has been passed by the Council of the Society, which makes it necessary for a candidate to produce a certificate that he is a member of a District Society before being admitted to the examination. Students intending to apply for permission to sit the examination should therefore apply to the Hon. Secretary for this certificate.

In addition to the President and Vice-Presidents, the following members of the Committee who retire at this time are : Mr. T. W. Scollick, Mr. Fred W. Smith and Mr. J. Telfer. They are eligible and offer themselves for re-election.

Syllabus of Lectures, 1929-30.

1929.

Oct. 30th. "Principal Alterations in the New Companies Act," by Mr. Wilfred H. Grainger, F.S.A.A., at Armstrong College.

Nov. 13th. Dinner at the County Hotel, Newcastle-on-Tyne.

Nov. 27th. Annual General Meeting at the County Hotel, Newcastle-on-Tyne.

1930.

Jan. 15th. Meeting at the County Hotel, Newcastle-on-Tyne, to discuss Accountancy Problems and matters of interest to the Accountancy Profession.

Feb. 12th. Meeting at the County Hotel, Newcastle-on-Tyne, to discuss Accountancy Problems and matters of interest to the Accountancy Profession.

Mar. 4th. "Contract Law in Daily Life," by Mr. W. Summerfield, M.A., B.C.L., LL.B. (London), at Middlesbrough.

SHEFFIELD.

Annual Report.

Your Committee have pleasure in presenting to the members the following Report on the work of the Society for the year 1928-29.

MEETINGS.

The following meetings were held in conjunction with the Sheffield and District Institute of Chartered Accountants, the Sheffield and District Institute of Bankers, and the Sheffield and District Chartered Institute of Secretaries. Your Committee are pleased to report the continued success of these lectures, and they beg to offer their best thanks to the Lecturers for their services.

"How far should the Policy of Rationalisation be applied to British Industries," by Mr. W. L. Hichens.

"Credit, Currency and Trade, with some reference to the impending fusion of Treasury and Bank of England Notes," by Mr. A. W. Kiddy.

"Currency and Exchanges of India, China and the Far East," by Mr. W. F. Spalding.

"Factory Accounts, Ancient and Modern," by Mr. A. Cathles, C.A.

"Rates and Who Bears Them," by Mr. A. Collins, F.S.A.A. (Member of Council).

"Rationalisation," by Sir Mark Webster Jenkinson, K.B.E., F.C.A.

LIBRARY.

The Library is not used as fully as it might be, and in order to stimulate interest in this useful branch of the Society, your President, Mr. Percy Toothill, has presented a number of books. In addition, various purchases have been made with a view to bringing the Library up to date, and a new catalogue is being prepared for the use of the members.

Our thanks are due to the Secretary of the Incorporated Accountants' Students' Society of London for the gift of a bound volume of Lectures delivered in 1928, and to the *Incorporated Accountants' Journal* for a volume of this periodical for 1928-29. Both of these books have been added to the Library.

DINNER.

A dinner was held at the Royal Victoria Station Hotel on February 15th, when Mr. Arthur Collins (a Member of the Council) was the guest of the evening. Representatives were present from the Sheffield and District Institute of Chartered Accountants, the Sheffield Institute of Bankers, and the Sheffield and District Society of Chartered Secretaries.

PRESENTATION TO MR. HENRY TOOTHILL.

A luncheon was held at Stephenson's Restaurant, Castle Street, on June 10th, to celebrate the eightieth birthday of Mr. Henry Toothill, a former Member of the Council and a Past President of our District Society. After the luncheon, Mr. E. Ransom Harrison presented to Mr. Toothill, on behalf of the members of the Sheffield and District Society, a gold wristlet watch, suitably engraved, together with an illuminated testimonial bearing the names of the subscribers.

LECTURES TO SECONDARY SCHOOLS.

The Secretary of the Juvenile Employment Department of the Ministry of Labour approached our Society, through the Secretary, asking if officers of our local Society would deliver lectures on the accountancy profession and its prospects to the boys who were about to leave the various secondary schools in the city.

The Society was pleased to help the Ministry of Labour in their endeavour, and the following lectures were given :—

Nether Edge Secondary School, Mr. Percy Toothill.
Woodhouse Secondary School, Mr. C. H. Wells.
Firth Park Secondary School, Mr. L. Lewis.
Central Secondary School, Mr. J. W. Richardson.

Syllabus of Lectures, 1929-30.

The following syllabus has been prepared in conjunction with the above District Societies.

1929.

Oct. 7th. "The Companies Acts, 1929," by Mr. J. H. Cockburn, O.B.E.

Nov. 12th. "Education and its Problems," by Mr. Percival Sharp, B.Sc.

Dec. 11th. Lantern Lecture: "Morocco the Mysterious," by Mr. Samuel Wells, F.R.G.S.

1930.

Jan. 14th. "Poor Law and its Administration," by Mr. Arthur Neal.

Feb. 11th. "Notes on the Proceedings at the Accountants' International Congress, New York," by Mr. William Cash, F.C.A.

March 6th. "Combination in Industry—from General Thoughts," by Mr. A. E. Cutforth, C.B.E., F.C.A.

The Bradford and District Society have invited our student members to a Debate at Bradford. This has been arranged for November 14th, the subject being: "That in the opinion of this meeting the Banking System of this Country should be Nationalised."

Further lectures for our own members, particularly student members, are being arranged, and particulars will be published later.

SOUTH WALES AND MONMOUTHSHIRE.

The thirty-fourth annual general meeting of the South Wales and Monmouthshire District Society of Incorporated Accountants and Auditors was held at the Park Hotel, Cardiff, on Thursday, September 26th, Mr. Edward Mills, F.S.A.A., of Newport, presiding.

Mr. Percy H. Walker, F.S.A.A., Cardiff, was unanimously elected President for the ensuing year, with Mr. W. J. Pallot, F.S.A.A., Cardiff, Vice-President. Mr. W. J. Pallot, F.S.A.A., Mr. L. R. Williams, F.S.A.A., Mr. C. T. Stephens, F.S.A.A., and Mr. A. Percy Horton, F.S.A.A., were appointed to fill vacancies on the Committee. Mr. Job Fooks, F.S.A.A., and Mr. A. Shankland, F.S.A.A., were appointed Hon. Auditors for the ensuing year.

Prior to the meeting the members were entertained to tea by Mr. Percy H. Walker.

CARDIFF AND DISTRICT STUDENTS' SECTION.

The opening meeting of the session 1929-30 was held at Cardiff on October 10th. Two of the Society's own members were the first lecturers, namely, Mr. P. Griffiths, A.S.A.A., who dealt with the "Effect of Company Law Changes in relation to Company Accounts," and Mr. L. J. Muller, who discussed the "Duties of a Liquidator in a Voluntary Winding-up."

The chair was occupied by Mr. Ivor Davies, A.S.A.A., who was supported by Mr. Percy H. Walker, F.S.A.A., and Mr. J. D. Simpson, A.S.A.A. (President and Assistant Secretary respectively of the District Society), Mr. J. Pearson Griffiths, F.S.A.A., Mr. A. Percy Horton, F.S.A.A., Mr. D. H. Husband, F.S.A.A., Mr. E. E. Pearce, A.S.A.A., and Mr. J. Alun Evans (Hon. Secretary). The large number of student members present gave every indication of a successful session.

Mr. Griffiths, who is the Vice-Chairman of the Students' Section, dealt with his subject under the following three headings: (1) The keeping of books of account; (2) Published accounts—the profit and loss account and balance-sheet; (3) Provisions relating to holding companies.

Mr. Muller also gave an admirable paper. He explained the position as it will be after November 1st, 1929, when the new Companies Act becomes operative, and in the course of the lecture quoted extracts from the speeches of many eminent Judges dealing with the position of liquidators.

Both Lecturers were accorded a hearty vote of thanks, on the proposition of Mr. R. R. Davies, seconded by Mr. D. Curitz.

Combined Syllabus of Lectures.

(INCLUDING CARDIFF AND NEWPORT STUDENTS' SECTIONS.)

1929.

Oct. 10th. "The Effect of Company Law Changes in relation to Company Accounts," by Mr. P. Griffiths, A.S.A.A.

— "Duties of a Liquidator in a Voluntary Winding-up," by Mr. L. J. Muller.

Oct. 25th. Mock Income Tax Appeal.

Nov. 14th. "Income Tax," by Mr. Percy H. Walker, F.S.A.A.

Dec. 5th. "The Application of Economics to Everyday Life," by Mr. A. E. Pugh, F.S.A.A.

Dec. 12th. "Government Interference is Detrimental to the best Interests of Industry." Joint debate.

1930.

Jan. 10th. "Some Phases of Income Tax," by Mr. C. T. Stephens, F.S.A.A.

Jan. 16th. "Rating," by Mr. F. J. Alban, F.S.A.A.

Jan. 23rd. "Economics," by Mr. A. E. Pugh, F.S.A.A.

Feb. 12th. "Income Tax," by Mr. A. Goldstein (Inspector of Taxes).

Feb. 20th. Subject to be selected, by Councillor G. Northcott-Howell.

Mar. 12th. "The Companies Act, 1929," by Mr. Carey Evans (Barrister-at-Law).

Mar. 27th. Mock Shareholders' Meeting.

Mar. 29th. "Published Accounts of Limited Companies," by Mr. J. D. R. Jones, F.S.A.A.

April 11th. Annual Dinner.

Meetings in connection with the Cardiff Students' Prize Essay Scheme will be held on October 24th and November 28th, 1929, and January 9th, February 6th, and March 6th, 1930.

Meetings in connection with the Newport Students' Prize Essay Scheme will be held on September 27th and November 29th, 1929, and January 31st, February 28th, and April 19th, 1930.

SWANSEA AND SOUTH-WEST WALES.

Annual Report.

The following are extracts from the third annual report for the year ended May 31st:—

MEMBERSHIP.

The number of members at May 31st was 81, compared with 76 for the previous year.

EXAMINATIONS.

The Committee tender their congratulations to the following successful candidates:—

Nov., 1928. *Final:* Mr. C. F. G. Rogers, Clerk to Mr. J. Lake. *Intermediate:* Mr. J. W. Jones, Clerk to Mr. S. L. Francis; Mr. D. O. Lloyd, Clerk to Mr. W. H. Ashmole; Mr. W. P. Morgan, Clerk to Mr. W. H. Ashmole; Mr. G. G. Thomas, Clerk to F. Jennings & Co.

May, 1929. *Final:* Mr. R. T. W. Cross, Clerk to Ashmole, Edwards & Goskar.

DISTRICT SOCIETY ORGANISATION.

The scheme for the extension of District Societies to cover the whole of the country is now nearing completion. (The area of this District was approved by the Council in agreement with the South Wales and Monmouthshire District Society, three years ago, and no alteration of that area is now proposed.) Part of the scheme was the inclusion in District Societies of candidates who have passed or been exempted from the Preliminary examination, and the bye-law which has been adopted by the Council requires each candidate to produce a certificate of membership of a District Society on applying for permission to sit the subsequent examination.

The Committee desire to express their thanks to the lecturers and to all who contributed to the programme.

1929. Syllabus of Lectures, 1929-30.

Sept. 25th. "The New Company Law," by Mr. W. Summerfield, M.A., B.C.L., LL.B. *Chairman:* The President (Mr. H. Edwards, F.S.A.A.).

Oct. 30th. "Mortgages," by Mr. D. Gethin Williams, LL.B., Solicitor. *Chairman:* Mr. G. Brinley Bowen, F.S.A.A.

Nov. 27th. "Insurance Accounts," by Mr. W. H. Grainger, F.S.A.A. *Chairman:* Mr. W. H. Ashmole, F.S.A.A.

Dec. 18th. "The Formation of a Limited Company," by Mr. A. E. Goskar, F.S.A.A. *Chairman:* Mr. G. Glanville Mullens, F.S.A.A.

1930.

Jan. 29th. Short Papers by Students. *Chairman:* Mr. T. Mills, F.S.A.A.

Feb. 26th. "Can British Industry Hold Its Own?" by Mr. Archibald Crawford, K.C. *Chairman:* Mr. R. A. Wetherall, F.S.A.A.

Mar. 26th. "Receiverships," by Mr. F. Jennings, F.S.A., F.S.A.A. *Chairman:* Mr. W. H. Charles, F.S.A.A.

April 30th. "Economics," by Capt. R. T. Evans, M.A. *Chairman:* The President (Mr. H. Edwards, F.S.A.A.).

YORKSHIRE.

The thirty-fifth annual general meeting of the above Society was held in the York Room, Griffin Hotel, Leeds, on September 27th. The President, Mr. F. C. Crosland, A.S.A.A., was in the chair, and about forty senior and student members attended the meeting.

The following Officers and Executive were elected for the year 1929-30:—President: Mr. Wm. Walker, A.S.A.A. Past Presidents: Mr. J. W. Carter, F.S.A.A., Mr. F. C. Crosland, A.S.A.A., Mr. Fredk. Holliday, F.S.A.A., Mr. A. Walton, F.S.A.A., F.C.A., and Sir Charles H. Wilson, LL.D., F.S.A.A. Vice-Presidents: Mr. A. France, Mr. Wm. Gaunt, Mr. T. Hayes, Mr. J. B. Lapish, Mr. T. Revell, Mr. E. B. Shaw, Mr. R. E. Starkie, and Mr. Wm. Tate. Committee: Mr. G. Astle, Mr. O. Avison, Mr. H. Bray, Mr. O. Coope, Mr. C. H. Goldthorpe, Mr. F. Harrison, Mr. P. A. Moulton, Mr. B. Mortimer, Mr. J. R. Moger, Mr. A. Schofield, Mr. S. A. Spofforth, and Mr. H. Threlfall. Hon. Secretary and Librarian: Mr. T. W. Dresser, F.S.A.A., 29, Cookridge Street, Leeds. Hon. Auditor: Mr. T. Coombs, F.S.A.A., Leeds. Hon. Treasurer: Sir Charles H. Wilson, LL.D., F.S.A.A.

After the meeting, Sir Charles H. Wilson handed over the Presidential Badge to the newly-elected President, Mr. Wm. Walker, who responded and thanked the members for his election. Sir Charles also spoke of the progress of the Society and the good work done for student members preparing for their examinations.

At the close of the meeting, dinner was served to members and friends, followed by a smoking concert with a musical programme by Mr. Hubert Varley (baritone), Mr. A. D. Wynn (entertainer), and Mr. J. L. Cookson (accompanist).

The opening lecture of the 1929-30 session was given by Mr. John H. Bromley, Solicitor, Leeds, on October 1st, at the Metropole Hotel, King Street, Leeds, the subject dealt with being "Executorship Law." The chair was taken by the newly-elected President, Mr. Wm. Walker, A.S.A.A., and at the close of the lecture an interesting discussion took place, questions being asked by Mr. Walker, Mr. Pickard, Mr. Scott, and Mr. Hill, on practical points connected with the lecture.

The second lecture of the 1929-30 session was held at Leeds on October 15th, when Mr. A. W. Rawlinson, A.C.A., of London, author of "Income Tax Reliefs," gave an interesting paper on "The Legal Avoidance of Income Tax and Sur-Tax by Individuals and Companies," about fifty members being present.

The meeting was presided over by Mr. Arthur France, F.S.A.A., one of the Vice-Presidents, and terminated with a hearty vote of thanks to the Lecturer.

Syllabus of Lectures, 1929-30.

1929.

Oct. 1st. "Executorship Law," by Mr. John H. Bromley, Solicitor, Leeds. *Chairman:* Mr. Wm. Walker, A.S.A.A.

Oct. 15th. "The Legal Avoidance of Income Tax and Super Tax by Individuals and Companies," by Mr. A. W. Rawlinson, A.C.A., London. *Chairman:* Mr. A. France, F.S.A.A.

Oct. 29th. "Partners' Accounts," by Mr. W. H. Grainger, F.S.A.A., London. *Chairman:* Mr. E. B. Shaw, F.S.A.A.

Nov. 12th. "Statistics," by Mr. H. J. Lunt, F.C.A., A.C.I.S., F.C.W.A. *Chairman:* Mr. Wm. Gaunt, F.S.A.A.

Nov. 26th. "Company Law" (New Act), by Mr. W. Summerfield, M.A., B.C.L., LL.B., London. *Chairman:* Mr. Alfred Walton, F.S.A.A., F.C.A.

Dec. 10th. Reserved for Visit of Mr. Thomas Keens, F.S.A.A., London.

1930.

Jan. 14th. "A Selection of Practical Aspects of Taxation," by Mr. Stanley A. Spofforth, A.S.A.A. *Chairman:* Mr. J. W. Carter, F.S.A.A.

Jan. 28th. Open Date. *Chairman:* Mr. A. Schofield, A.S.A.A.

Feb. 11th. "Some Practical Applications of Economic Laws." by Mr. George R. Lawson, F.S.A.A., B.Com. *Chairman:* Mr. P. A. Moulton, F.S.A.A.

Mar. 6th. Joint Meeting with the Members of the Bradford District Society of Incorporated Accountants held in the Liberal Club, Bradford.

Mar. 11th. "The Companies Act, 1928, from a Secretarial and an Accountant's Point of View," Joint Meeting with the Chartered Institute of Secretaries (West Yorkshire Branch). *Chairman:* Mr. Frank Harrison, F.S.A.A.

Mar. 25th. "Mercantile Law," by Mr. J. H. Dodds, Solicitor. *Chairman:* Mr. Fredk. C. Crosland, A.S.A.A.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Meeting of Scottish Council.

The usual quarterly meeting of the Council of the Scottish Branch of the Society was held at the Society's Office, Glasgow, on 18th ult. There were present Dr. John Bell (who presided), Mr. R. T. Dunlop, Mr. W. Davidson Hall, Mr. William Houston, Mr. P. G. S. Ritchie, and Mr. J. Cradock Walker, Glasgow; Mr. Walter MacGregor, Mr. D. R. Mathieson, M.A., LL.B., and Mr. J. Stewart Seggie, C.A., Edinburgh; Mr. James T. Morrison, Coatbridge; Mr. E. Mortimer Brodie, Port Glasgow; and Mr. James Paterson, Secretary.

Apologies for absence were intimated from Mr. D. Hill Jack, J.P., President of the Branch; Mr. W. L. Pattullo, Dundee; Mr. D. M. Muir, Dunfermline; Mr. John A. Gough and Mr. E. Hall Wight, Glasgow. A number of applications and other matters of interest to the Branch were considered and variously dealt with. Special consideration was given to the operation of the new Bye-law 24 in connection with the Students' Societies in Glasgow and Edinburgh, and the proposed Students' Society for Aberdeen and District.

Savings Bank as a Guide.

A new scheme of "Social Service" is proposed by the Glasgow Savings Bank. The proposal, which is still in an embryonic state, provides for the institution of a "Social Service" department for dealing with social and economic problems affecting customers. It is proposed to have a staff of educated sympathetic ladies to act as women advisers, who are in close touch with economic conditions, and who can readily appreciate the plight of those requiring assistance in domestic and other difficulties. These ladies will be able to be consulted at the headquarters of the bank, or, if need be, will visit meetings and homes. The actuary, Mr. Henderson, recently visited America where such a scheme is in existence in some of the banks, and considers that this human touch will be found specially useful in the case of wives whose margin of income over expenditure is extremely meagre. The experiment, if it comes into operation, will be watched with interest.

Chambers of Commerce Conference.

A conference of Chambers of Commerce was held in Edinburgh last month, the occasion being the annual meeting of the Association of British Chambers of Commerce. Sir Walter Raine, in his presidential address, referred, amongst other matters, to the fact that, while the Association took no part in politics, trade and commerce were very much affected by politics. It was too early yet to say what new legislative proposals they would have to contend with in the future. The Government might be led to take steps which might not be in the best interests of trade and commerce. It would be their duty to be on guard and to watch carefully the interests of all who were engaged in carrying on the trade of the country. So they must, as an Association, examine any legislation which might affect the business of the country, and which might disturb that finely balanced mechanism called "credit." Other matters referred to and discussed during the conference were "Co-operative Trading," "The McKenna Duties," "Empire Development," "Hindrances to Trade," &c.

Administrative Auditing.

Some humorous references in regard to Government audits were made recently by Mr. John Clark, Glasgow, who, after long service, has just retired from the position of Director of Education for the Education Authority of the City of Glasgow. In a recent interview with the representative of a Scottish newspaper, Mr. Clark referred to the work of the Government auditors who rule the expenses of education and dominies with a rod of iron. After referring to the qualifications for a Government auditor, Mr. Clark proceeded: "I remember once when a very high official used a 'hired conveyance.' He was promptly told that there was a railway station within half a mile as the crow flies of the place visited, and asked to explain how it was that the vehicle came into the picture. 'I am quite aware,' replied the official, 'that there is a railway. But there is only one train a day. I am also aware that there is a station, but a deep river runs between, and I cannot swim, and I am not a crow.' That officer was famed for his witty replies. On another occasion he charged one shilling under the head 'Porter.' The auditor pointed out that intoxicating beverages were not included in legitimate expenditure. The answer was that the porter in question was of the type that was tipped and not the type that was imbibed. Back came the answer: 'In future, to prevent misunderstanding, use the word "Porterage."' The officer got his own back, for the next time he had to use a vehicle he entered—'Cabbage, 1s. 6d.'" It was, perhaps, an unfortunate coincidence that Mr. Clark passed from his consideration of Government auditors to a discussion of mental defectives who failed to pass the tests of the school medical officer.

Notes on Legal Cases.

COMPANY LAW.

In re Services Club Syndicate.

Debenture Holder's Action.

Maugham (J.) held that where in a debenture holder's action the circumstances make it desirable, the conduct of the action will be given to some party who is independent of the company.

(1929) L.J.N., 131).

EXECUTORSHIP LAW AND TRUSTS.

Craig's Executors v. Samson.

Implied Adoption of Will.

A testator left a testamentary document partly printed and partly in his own handwriting. A holograph codicil referred to abatement of a legacy granted under the first purpose of the alleged will.

It was held by the Court of Session that the adoption of one of the purposes was sufficient to set up the document as a whole, and that the testator by his holograph codicil had effectively adopted the will.

(C.S.; (1929) S.L.T., 592.)

REVENUE.

Perrin v. Dickson.

Income Tax on Annuity.

The respondent took out a policy of assurance whereby in consideration of annual premiums of £90 payable from 1912 to 1917 the insurance company agreed to pay for the benefit of the respondent's son an annuity of £100 for seven years from 1920 if the son should live so long. There was a provision that in the event of the death of the son the total premiums, less any amount already paid by way of annuity, but without interest, should be paid to the respondent.

It was held by the Court of Appeal, affirming the decision of Rowlatt (J.) (see *Incorporated Accountants' Journal*, May, 1929, p. 268), that as the contract was for the repayment of the principal sum by instalments, with or without interest in accordance with events, the respondent was not liable to be assessed to income tax under Schedule D in respect of the sums paid under the policy, except in so far as those sums might be found after actuarial calculation to represent interest on the premiums.

(C.A.; (1929) 45 T.L.R., 621.)